

**A New Conceptual and Operational Framework for the
Switching of IT Outsourcing Providers**

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ABSTRACT

The switching of information technology (IT) providers is a subject of considerable significance, since the IT outsourcing (ITO) market is still growing and ITO deals are regularly reaching the end of their contract period, whilst other ITO contracts are prematurely discontinued. The transitional phase to a new provider is a highly complex, resource intensive and critical phase of strategic importance. The objective of this phase is that the contract with the new provider is implemented and the incumbent provider is replaced. Existing literature suggests that an unsuccessful transition can endanger the business continuity of the ITO client. Yet, to date, no research has holistically focused on how successful ITO transitions can be performed. This research seeks to contribute to the understanding and knowledge of which factors support the successful transition of ITO providers for the switching client. It does so by identifying critical success factors, secondary success factors, key risks, and then develops a conceptual framework and a practical operational guide.

This qualitative research is conducted within a constructivist paradigm. Twenty-one practitioners from seven different organisations were interviewed. The interviewed practitioners represent three different groups - IT outsourcing client (8), incumbent provider (6) and new provider (7). The focus is on complex ITO deals, where 'complex' is considered to comprise large ITO deals with total contract value of more than €100 million, and where at least two IT services have been outsourced and need to be switched. All interviews were transcribed and the data analysis was conducted based on a modified grounded theory approach and the NVivo software tool facilitated the coding process. The results of the analysis and the development of the conceptual and operational framework were subject to validation procedures and verification strategies, such as member checking.

The thesis provides a comprehensive critical review of the literature on switching ITO providers and related relevant literature on IT outsourcing to act as the basis of this research. This is refined and augmented through the empirical work to present a final holistic framework that details the success factors and risks involved. This framework provides a holistic view of the management capabilities and business activities that are necessary to ensure a successful switching of ITO providers. For each management capability or business activity a RACI table is provided, which outlines key tasks and responsibilities. Collectively, the new conceptual framework and associated analysis and materials will provide a significant contribution to both literature and practice in the ITO field.

DECLARATION

I declare that the work in this thesis was carried out in accordance with the regulations of the University of Gloucestershire and is original except where indicated by specific reference in the text. No part of the thesis has been submitted as part of any other academic award. The thesis has not been presented to any other education institution in the United Kingdom or overseas. Any views expressed in the thesis are those of the author and in no way represent those of the University.

A handwritten signature in black ink, appearing to read 'Matthew ...', written in a cursive style.

Signed

Date 13.02.2014

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List of abbreviations

CIO	Chief Information Officer
CMO	Current mode of operations
CSF	Critical success factor
FMO	Future mode of operations
IT	Information technology
ITO	Information Technology outsourcing
RACI	Responsible, accountable, consulted, informed
RO	Research objective
RQ	Research question
SLA	Service Level Agreement
SSF	Secondary success factor

1 INTRODUCTION

1.1 Introduction

The objective of this chapter is to introduce the background to information technology outsourcing (ITO). Next, arguments for and against ITO are discussed. Then, reasons for conducting this research are provided. Afterwards, the aims of this research are presented and an overview of the research questions and research objectives are presented. Finally, the thesis structure is discussed and summarised.

1.2 Background to IT outsourcing

In an ITO deal, the information technology (IT) of a company is either partly or fully transitioned to an external ITO provider. ITO can affect the complete organisation since IT is often a key element of most business processes (Dibbern, Goles, Hirschheim, & Jayatilaka, 2004, p. 9). "Outsourcing can be defined as turning over all or part of an organizational activity to an outside vendor" (Barthélemy & Adsit, 2003, p. 87). Whitten, Chakrabarty, & Wakefield (2010) suggested that in an IT outsourcing deal the IT is either partly or fully turned over to "...one or more external service providers" (p. 167). Outsourcing, which has also been called "contracting out" can be found in some form throughout history and can be traced back to the Romans who outsourced tax collection (Kakabadse & Kakabadse, 2002, p. 189). Even though large scale modern ITO began in 1989 with the Kodak outsourcing deal (Dibbern et al., 2004; Willcocks, 2011), some researchers, for example Willcocks (2011), argued that ITO "is still at the early stages of professionalizing itself" (p.7). Kodak was not the first ITO deal in history although other deals had only gotten scarce attention - Dibbern, et al. (2004) noted:

It was not until Kathy Hudson the Kodak CIO – announced to the world that Kodak had entered into a ‘strategic alliance’ with its IS partners led by IBM but also including DEC and Businessland, did the world sit up and take notice (p. 8).

1.2.1 Arguments for IT outsourcing

Research findings indicate that the main reasons for IT outsourcing are driven by the goal of cost reduction (Gottschalk & Solli-Sæther, 2005; Hirschheim & Lacity, 2000), the focus on core capabilities and a desire to access resources of the provider such as superior capabilities, expertise and technology (Barthélemy & Adsit, 2003; Lacity, Khan, Yan, & Willcocks, 2010). The primary reason for outsourcing in 90 % of the reviewed literature is cost reduction (Lacity et al., 2010, p. 14). From the perspective of the ITO provider *long-term revenue* is the primary reason to enter into ITO arrangements (Dibbern et al., 2004). Dibbern, et al. (2004) pointed out that "long-term outsourcing arrangements help stabilize vendor business volume and revenue, making planning more predictable, and increase shareholder's comfort levels" (p. 8). Table 1-1 summarises the main arguments for ITO.

Table 1-1 Arguments for IT outsourcing

Adapted from Cullen, Seddon, and Willcocks (2008, pp. 6-7)	
Value for money	
• Demonstrable value for money	• Market price under internal cost
Improved financial results	
<ul style="list-style-type: none"> • Ongoing cost reduction • Stabilise and predict costs • Means of financing assets • Convert capital to operating expense 	<ul style="list-style-type: none"> • Aggregate total demand for economies • Cash for sale of assets • Reduce staff numbers • Rationalise/consolidate assets • Remedy for poor performance
Improved operations	
<ul style="list-style-type: none"> • Improve service • Obtain services not available internally • Improve discipline/ accountability • Obtain better/more expertise • More flexible work practices 	<ul style="list-style-type: none"> • Align resource supply to demand/minimize capacity gap • Obtain better/more technology • Standardize technology • Standardize services
Strategic outcomes	
<ul style="list-style-type: none"> • Concentrate on core business • Refocus internal IT staff on high value/strategic activities 	<ul style="list-style-type: none"> • Contribute to business • Access to best practices, new developments Industry developments

1.2.2 Arguments against IT outsourcing

The decision to outsource parts of, or even the complete, IT function should be not taken lightly. Once IT has been outsourced to an external provider and relevant IT employees either have been outsourced or contracts have been discontinued, the decision cannot be easily turned back (Aron & Singh, 2005, p. 140).

Although there are many reasons for outsourcing as shown in Table 1-1, there also arguments against outsourcing. Not all researchers agreed that the goal of cost reduction and performance improvement would automatically be achieved - no matter how the outsourcing endeavour is managed. Barthélemy and Adsit (2003) argued that "this overly optimistic view of outsourcing derives from the fact that most articles about outsourcing are written during the so called 'honeymoon' period (i.e. just before or after the contract is signed)" (p. 88). Hirschheim and Lacity (2000, p. 107) warned that cost reduction and service reduction frequently go hand in hand. Company executives often strive for cost cutting while company employees strive for a better service (Hirschheim & Lacity, 2000, pp. 106-107). This is an interesting finding which raises the question if this result is transferable to ITOs where the provider has been switched. The main arguments against outsourcing are summarised in Table 1-2. Outsourcing strategies therefore need to be deliberate to increase the companies' overall performance (Barthélemy & Adsit, 2003, p. 87).

Table 1-2 Arguments against IT outsourcing

Adapted from Claver, González, Gascó, and Llopis (2002, p. 300)	Adapted from Beulen, Ribbers, and Roos (2011, p. 25)
A great dependence on the provider	Increased dependence on suppliers
Loss of critical skills and competencies	A loss of knowledge and know-how
The provider does not comply with the contract	Higher costs
Qualification of provider's staff	Confidentiality risks
Costs/benefits unclear	Difficulty in selecting the right provider
A possible opposition from IS staff	
Hidden costs in the contract	
Security issues	
Irreversibility of the outsourcing decision	
Incapacity to adapt to new technologies	

1.2.3 Definition of success

There are contrasting conclusions regarding the factors that contribute to successful ITO (Cullen et al., 2008). It is not clear if this is due to the lack of a generally accepted definition of what constitutes success or because "ITO success is so idiosyncratic that one must assess it against each organization's own, different criteria" (Cullen et al., 2008, p. 3). This research adopts the following widely cited success definition: "Outsourcing success is usually viewed as the attainment of economic, technological or business-related benefits. Satisfaction with the benefits attained is often used as an

indicator of outsourcing success" (Dibbern et al., 2004, p. 87). Companies outsource their IT for different reasons, as previously noted, the main reasons for ITO are presented in Table 1-1. For example, one company outsources to gain access to superior IT capabilities, another to focus on core competences, and another to reduce costs. This means that outsourcing success is dependent on the overall context. Thus, it is plausible that Cullen et al. (2008) argued that:

...any attempt to assess ITO success in terms of more detailed criteria, such as cost savings or focusing on core business, requires identification of the different criteria relevant to each organization for each different contract at the time of the study (p. 33).

Can outsourcing be considered as a standardised activity of everyday management with defined readily solutions? Lacity et al. (2010) disputed that and commented: "In fact our review of 20 years of research establishes the common denominator that, for management and operational staff, outsourcing is far from easy" (p. 23). This is confirmed by Cullen, Seddon, and Willcocks (2005, p. 232) who found that even skilled organisations do not work in a proactive mode and are hurt by slow organisational learning. Therefore, in order to reduce learning curves, it is important to understand how success can be defined and what the contributing factors are. It is important to define success for the outsourcing endeavour before the contract is signed (Chou & Chou, 2009, p. 1039). This is agreed by Cullen et al. (2008, p. 2) who argued that success should be assessed by: 1. Defining most important outcomes before they actually materialise during the lifecycle of the contract. 2. Measuring the extent to which the outcomes have been achieved. Success of outsourcing endeavours is greatly related on how specifically requirements are defined at the beginning (Mao, Lee, & Deng, 2008). Nevertheless, not all requirements can always be defined clearly at the beginning, but sometimes the requirements need to develop over time (Mao et al., 2008, p. 482).

1.3 Research subject and significance

Many scholars and practitioners forecast further growth of the IT outsourcing market (Benaroch, Dai, & Kauffman, 2010; Lacity, Willcocks, & Rottman, 2008; Willcocks,

2011). This is emphasised by Lacity, Khan, Yan, & Willcocks (2010) who believed that:

On conservative estimates, looking across a range of reports and studies, global IT outsourcing revenues probably exceeded \$270 billion in 2010. (...) it is very clear that, with its 20-year history, outsourcing of IT and business services is moving into becoming an almost routine part of management, representing in many major corporations and government agencies the greater percentage of their IT expenditure (p. 23).

Lacity et al. (2010, p. 23) forecast a growth of 5-8% per year of the global IT outsourcing (ITO) market which Lacity et al. (2010) expected to exceed \$210 billion in 2010. Gartner predicted the ITO market for 2013 to achieve \$288 billion in revenue (Rivera & Vandermeulen, 2013). Gartner (Rivera & Vandermeulen, 2013) predicted an annual growth rate from 2012 to 2017 of 5.4%. The typical length of ITO contracts is three (Dall & Maggott, 2012, p. xxii) to ten years (Dall & Maggott, 2012, p. xxii; Dibbern et al., 2004, pp. 8-9). This means that many changes need to be expected by the outsourcing customer and the provider during this timeframe (Dall & Maggott, 2012; Dibbern et al., 2004). Thus, renegotiations should be expected (Dibbern et al., 2004), and changes should be planned and managed accordingly (Dall & Maggott, 2012). The rapid growth and the complex nature of ITO have not been without impact. Recently a number of outsourcing deals have experienced both serious problems and the premature discontinuation of contracts (Clark, 2013; Dibbern et al., 2004; Flinders, 2013; Halvey & Melby, 2007; Jerrang & Goldgerg, 2011; Lacity et al., 2008; Price, 2013; M. Robinson & Iannone, 2007; Sia Siew, Lim Wee, & Periasamy, 2010; Whitten et al., 2010; Whitten & Leidner, 2006). Other ITO deals have reached the end of the contract lifetime. This leads companies to re-consider sourcing options and strategies. The discontinuation of contracts results in several strategic options. Up to 50% of ITO contracts are terminated for other options such as (1) switching the provider, or (2) IT back-sourcing (Whitten et al., 2010, p. 167). In their case study research of four Danish companies Freytag, Clarke, and Evald (2012) identified a third (3) option which is to launch a new organisation, or company. Other researchers found that most clients (4) continue with the incumbent provider (Lacity et al., 2008; Willcocks, 2011). These four options are presented in Figure 1-1.

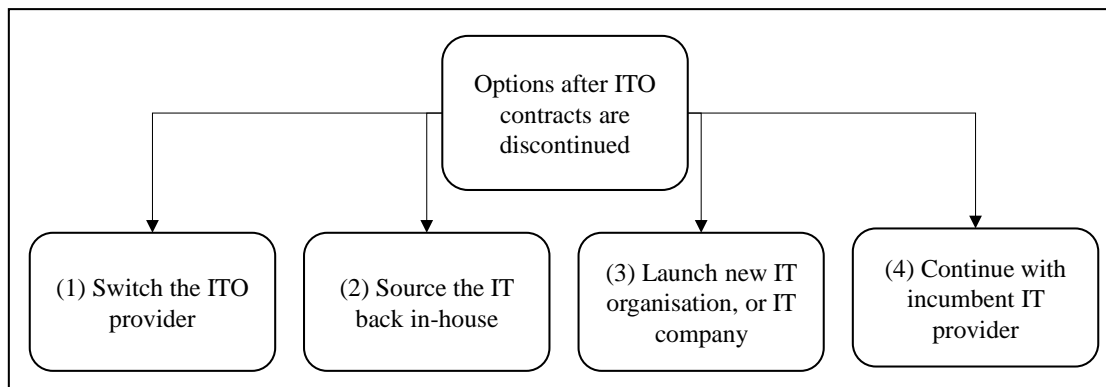


Figure 1-1 ITO Options after ITO contracts are discontinued (developed for this thesis)

According to an estimation by Lacity et al. (2008, p. 21), 25% of contracts will be awarded to new providers and merely 10 % will be back-sourced (p. 21). Although 25% of ITO providers will be switched, as estimated by Lacity et al. (2008, p. 21) not much is known about factors, which contribute to a successful switching of ITO providers (Alaranta & Jarvenpaa, 2010; Chou & Chou, 2009; Chua, Lim, Sia, & Soh, 2008; Whitten, 2010). Customer entrapment with the incumbent provider has been noted in the literature, however not much has been written in the academic literature about how to avoid or adequately address it. If the ITO client has decided to switch ITO providers, then a transition needs to be conducted. Transition is a highly complex, resource intense, and risky phase with the objective that IT services are successfully implemented and delivered by the new ITO provider and the ITO client, as contractually agreed. At the end of the transition, the new provider is enabled to provide IT services as contractually agreed. The transition can be summarised as the seminal milestone for the successful implementation of an outsourcing contract (Beulen & Tiwari, 2010).

In the majority of the cases, unsuccessful ITOs can be related to failed transitions (Beulen & Tiwari, 2010). It can be assumed that the duration of large and complex ITO transition is between 12-18 months. The costs of the transitional phase can take a significant portion of the overall ITO costs. If transitions are badly conducted, they can be so costly that transitions can cancel out the ITO provider's profit for the complete contract lifecycle (Barthelemy, 2001). Unbudgeted ITO transition costs can become so high for the ITO client that the switching to the new provider becomes uneconomical. Therefore, the research on factors, which contribute to a successful switching of ITO providers with the focus on transition, is considered as significant.

Extensive literature reviews (Olzmann & Wynn, 2011, 2012) have revealed that despite a growing interest in topics such as sourcing the IT back or switching providers (Whitten et al., 2010; Whitten & Leidner, 2006) no studies have holistically focused on how successful ITO transitions are performed for provider switching clients. Most research has focused on initial outsourcing (Alaranta & Jarvenpaa, 2010; Chou & Chou, 2009; Chua et al., 2008; Whitten, 2010). Yet understanding the switching success factors is vitally important since these success factors determine the success or the failure of the overall provider switching process. Ultimately, the survival of the overall business can be linked to a successful transition. Compared to initial outsourcing transition, the degree of complexity is highly increased in ITO provider switching deals.

1.4 Aims and objectives of the research

The aim of this research is to contribute to the understanding and knowledge of which factors contribute to a successful transition of ITO providers for the switching client. A conceptual and operational framework was proposed and developed for ITO clients. This framework will help ITO clients to conduct transitions to new providers, successfully. Although this framework was particularly developed for ITO clients, it will also be of value for incumbent and new providers.

The scope of this research is limited to complex ITO deals. For the purposes of this research 'complex' is considered to comprise: a) large ITO deals with total contract value of more than €100 million and b) at least two IT services (e.g. network services and server production services) have been outsourced and need to be switched. The scope of this research is not limited to any specific industry. Although success for the client is interlinked with the success of the new provider and to some degree to that of the incumbent provider, this research will focus specifically on the factors which make the transition a success for the outsourcing client. Figure 1-2 summarises the research questions and research objectives for this research. The research questions and research objectives are discussed in detail in section 2.8.1.

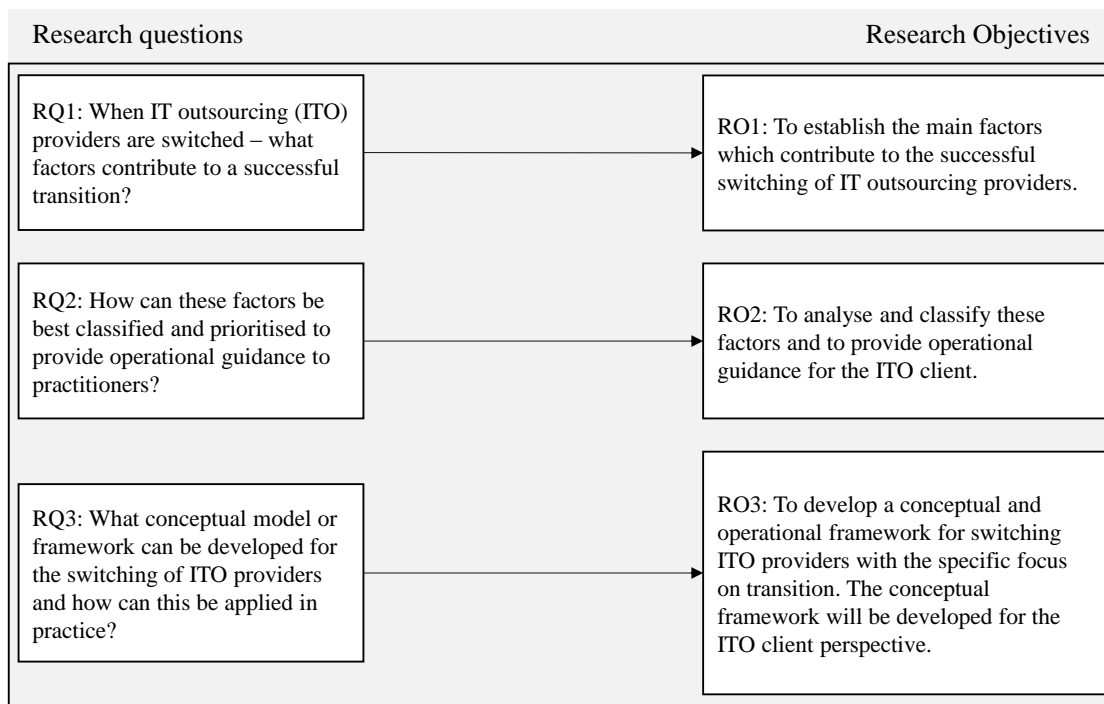


Figure 1-2 Research questions and research objectives (developed for this thesis)

1.5 Thesis structure

The structure for this thesis is depicted in Figure 1-3.

In chapter one (introduction), the background to ITO is provided and arguments for and against ITO are discussed. In this chapter, the research subject is introduced and its significance is revealed. Finally, the thesis structure is presented.

In chapter two (literature review), an overview of literature on ITO and switching providers, ITO success, transition, knowledge transfer, multi-sourcing, and project management is provided. This chapter concludes with a discussion on knowledge gaps and the resulting research questions and objectives.

In chapter three (provisional conceptual framework), a provisional conceptual framework is developed to guide further research. In this chapter, the initial factors contributing to ITO switching success were identified, based on the literature review, and discussed. Based on the provisional conceptual framework, initial research sub-questions were developed. These initial research sub-questions guided the semi-structured interviewing process. The provisional conceptual framework provided an initial classification of success factors.

In chapter four (methodology), the research design of this thesis is presented. In this chapter, the research paradigm and the research methodology are justified. Alternative research paradigms and methodologies are discussed. This chapter concludes with discussions on the role of researcher values, anticipated ethical issues, the validation procedure, and verification strategies.

In chapter five (research findings), the main factors, which contribute to the successful switching of ITO providers, are developed. These factors are analysed and classified as either critical success factors (CSF) or secondary success factors (SSF). Identified key risks are described. In chapter five, RQ1 and RQ2 are answered, and RO1 and RO2 are met.

In chapter six (conceptual framework for the switching of ITO providers), the conceptual and operational framework is developed. The key objective of this framework is to highlight and to summarise the main factors, which are necessary for successfully switching ITO providers. In chapter six, it will be discussed how this framework can be applied in practice. The conceptual framework shows a holistic view of the management capabilities/business activities, which are required to switch ITO providers successfully. With the development of this framework, RQ3 and RO3 were answered and achieved.

In chapter seven (conclusions), the results of this thesis are summarised and conclusions about the research objectives are given. The contribution of this thesis to research is outlined and limitations of this thesis are discussed. Finally, implications for further research are pointed out.

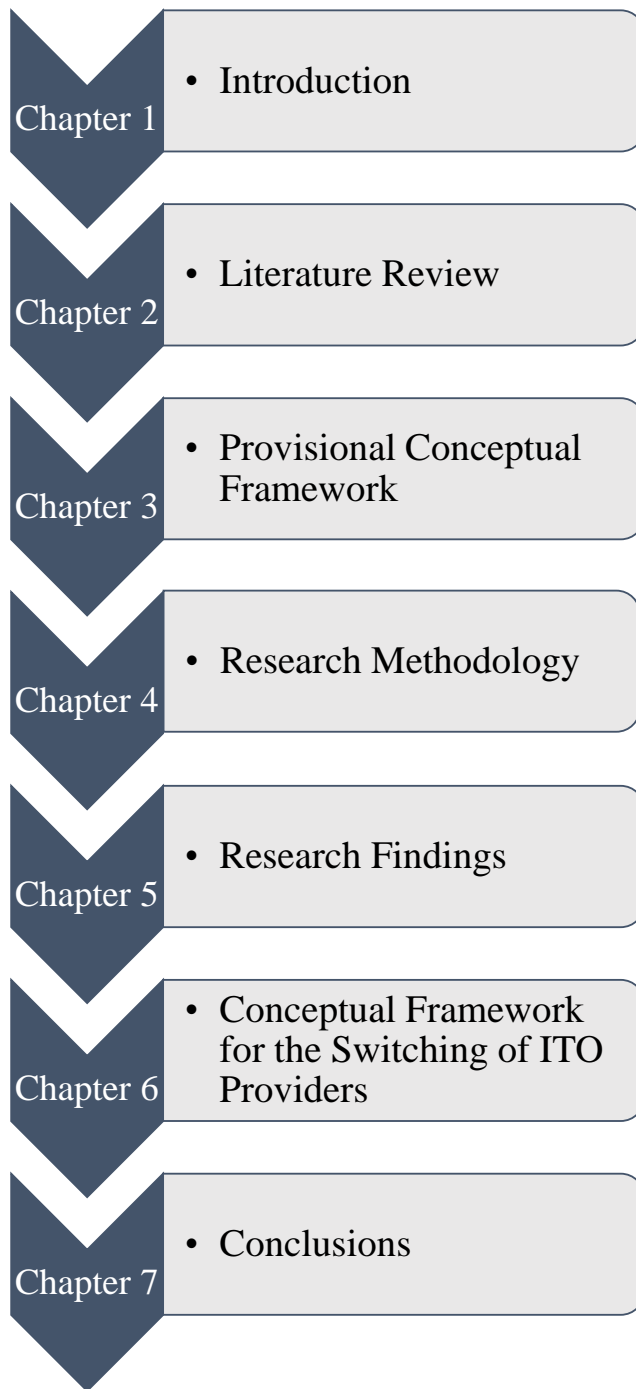


Figure 1-3 Thesis structure (developed for this thesis)

2 LITERATURE REVIEW

2.1 Introduction

The objective of this chapter is to provide a critical review of the existing literature relevant to the research topic and to disclose existing research gaps. The *initial analysis* of the literature led to the research questions and to the research objectives of this thesis. The *initial analysis* of the literature also led to the provisional conceptual framework (see chapter 3). The literature review was finalised after the data gathering and data analysis procedure were finally completed. This approach is depicted in Figure 4-3. Since existing research, which specifically focusses on switching ITO providers is very limited, other literature relevant to the topic was also researched. This approach is in line with the suggestions made by Knopf (2006, pp. 130-131) who recommended that if literature on the research topic is limited then the researcher should review second tier literature. Second tier literature are publications which are relevant to the research topic but do not address it directly as first tier literature (Knopf, 2006, pp. 130-131).

This chapter is organised as summarised below:

First, several ITO lifecycle models were reviewed and an ITO lifecycle model is developed for this research. At the end of the ITO lifecycle, the ITO client decides how to proceed. There are four potential options. These four options and the factors influencing the sourcing decision are discussed. Next, in a section about ITO success, first success is defined, then general ITO success factors, which are not switching specific, are discussed and finally factors contributing to ITO in the pre-delivery phase are analysed. Then, specific factors, which contribute to a successful transition, are critically reviewed and discussed. Since, there is no research, which specifically focused on transition when providers are switched, the general ITO literature is reviewed. Next, the literature on knowledge transfer was critically reviewed. As the research on knowledge transfer in provider switching situations is very limited, also the general knowledge transfer is reviewed. The next section focused on multi-sourcing, since temporary multi-sourcing situations can be found in complex ITO provider switching deals. Then, in the following section, project management is critically reviewed, since project management capabilities are required to manage complex provider switching

projects. Finally, this chapter concludes with the analysis of knowledge gaps and the discussion of the resulting research questions and research objectives.

2.2 ITO and switching providers

In this section, several ITO lifecycle models are presented and an ITO lifecycle model is developed for this research. At the end of the lifecycle the ITO client needs to evaluate sourcing options (switch, backsource, launch new IT organisation, continue), and cancel or renew contract. Several factors influence the decision for one of the sourcing options. These factors are the influence of switching costs, the influence of relationship and service quality, and the fear of losing knowledge.

2.2.1 The IT outsourcing lifecycle

Numerous authors viewed ITO outsourcing as a lifecycle consisting of different phases (Chou & Chou, 2009; Cullen et al., 2005; Mojsilović, Ray, Lawrence, & Takriti, 2007). In each phase, there are defined outsourcing tasks to be performed. Many ITO phase models distinguished between activities before signing the contract, the implementation and delivery of the contract, and the re-evaluation of the contract (Alaranta & Jarvenpaa, 2010; Cullen et al., 2005; Sia Siew et al., 2010; Tiwari, 2009). The outsourcing lifecycle typically begins with a phase where the potential ITO client gathers internal and external information. Based on this information the potential ITO client decides whether and which ITO strategy should be pursued. If an ITO strategy is pursued, then the lifecycle ends with the re-evaluation of the ITO outsourcing contracts and resulting sourcing options. Finally, the ITO lifecycle begins again with the phase of information gathering. Table 2-1 provides an overview of the typical ITO phases discussed in the literature. Although these general phase models are useful for getting an overview of typical outsourcing phases, all reviewed models are both too high-level and too generic to understand the specific outsourcing tasks, which are required to be performed in each phase. Some of the reviewed models even do not include all necessary phases or tasks. For example Fink and Shoeib (2003, p. 306) suggested five outsourcing phases as depicted in Table 2-1. The authors (Fink & Shoeib, 2003) have identified the action phase as the most critical phase. The reasons why Fink and Shoeib (2003) do not mention the transition neither as phase nor as task remains unclear. None of the reviewed phase models differentiate whether the phases are performed the first time (as

in initial outsourcing), or for a further time (as e.g. in switching ITO providers). This differentiation is important, as there are different tasks to be performed whether the IT is initially outsourced or for example, providers will be switched. Additionally, none of the reviewed phase models has differentiated between transition and transformation (see section 2.4.3).

Table 2-1 ITO phases and tasks

Authors	ITO phases and tasks					
Tiwari (2009, p. 5)	Initiation	Vendor selection	Contract negotiation	Transition	Service Delivery (Continuous)	Contract renewal/ Termination
Adapted from van Lier and Dohmen (2007, p. 3)	Preparation	Service provider selection	Contracting	Transition	Executing	Post-deal
Adapted from Fink and Shoeib (2003, p. 306)	Intelligence	Analysis and planning	Strategy selection	Action	Evaluation and monitoring	
	<ul style="list-style-type: none"> • Gathering information on IT outsourcing • Considering organisational needs and circumstances • Considering current IT support issues • Considering current IT staff issues 	<ul style="list-style-type: none"> • Evaluation of current IT • Determining IT outsourcing feasibility 	<ul style="list-style-type: none"> • Determining IT outsourcing options 	<ul style="list-style-type: none"> • Selection of IT outsourcing vendor • Determining IT outsourcing contract 	<ul style="list-style-type: none"> • Evaluation and monitoring 	
Adapted from Chou and Chou (2009, p. 1038)	Pre-contract	Contract	Post-contract			
	<ul style="list-style-type: none"> • Identifying the need for outsourcing • Planning and strategic setting • Outsourcing vendor selection 	<ul style="list-style-type: none"> • Contracting process • Transitioning process • Outsourcing execution 	<ul style="list-style-type: none"> • Outsourcing project assessment: <ul style="list-style-type: none"> a) Renewable contract b) New contract search 			
Adapted from Mahnke, Overby, and Vang (2005, p. 206)	Pre-contract	Contractual execution	Post contract			
	<ul style="list-style-type: none"> • Identify activities • Choose vendor(s) 	<ul style="list-style-type: none"> • Construct contract • Monitor and measure 	<ul style="list-style-type: none"> • Relationship management 			

The ITO lifecycle by Cullen et al. (2005, p. 6) as shown in Figure 2-1 appears to be the most comprehensive in the academic literature. Although it provides a valuable high-level view of the ITO lifecycle and some of the key outputs, it is too high-level to be used as detailed guidance for switching ITO providers. Particularly, this model misses

to address important factors for large ITO switching deals such for example different transition strategies (see section 2.4.7) and temporary multi-sourcing (see section 2.6).

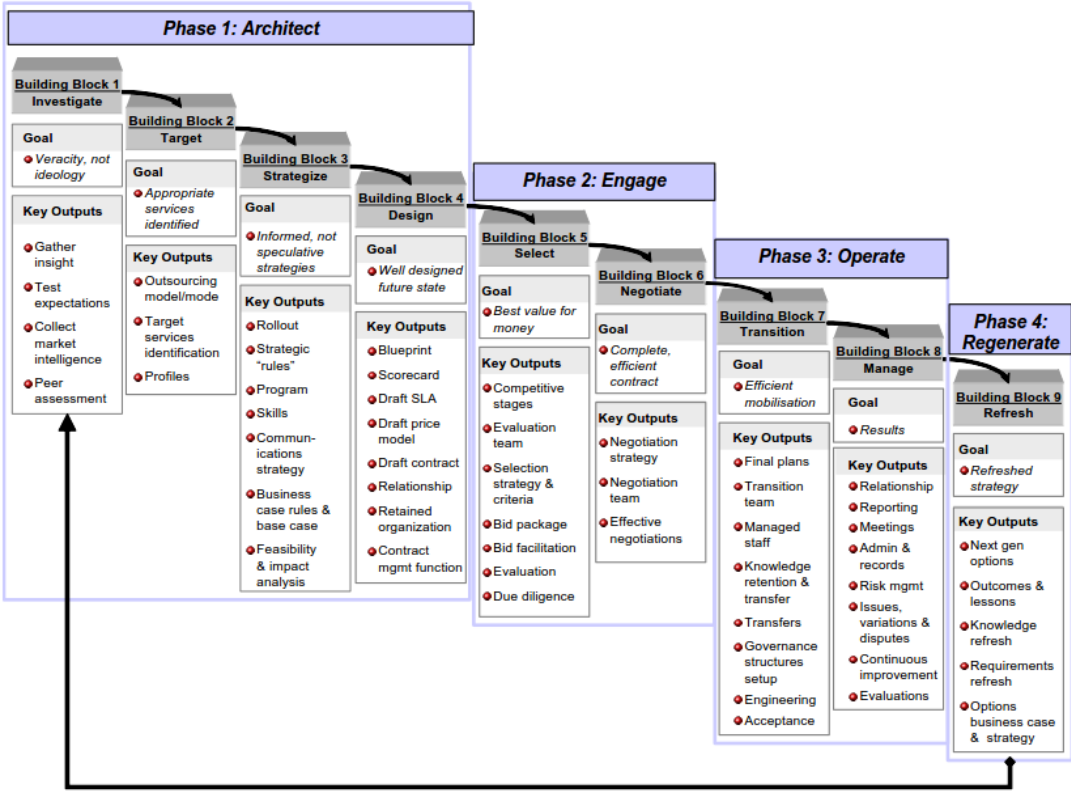


Figure 2-1 The outsourcing lifecycle model: Goals and key outputs (Cullen et al., 2005)

Based on the reviewed literature in this section, the high-level ITO lifecycle can be depicted as shown in Figure 2-2. The six major phases are: 1. Investigate and prepare, 2. select provider, 3. negotiate contract, 4. conduct transition, 5. manage IT service provision, 6. evaluate options (switch, backsource, launch new IT organisation, continue), and cancel or renew contract. The first three phases can be considered as pre-delivery building block, the next two can be considered as delivery building block, and the last phase can be considered as re-evaluation building block.

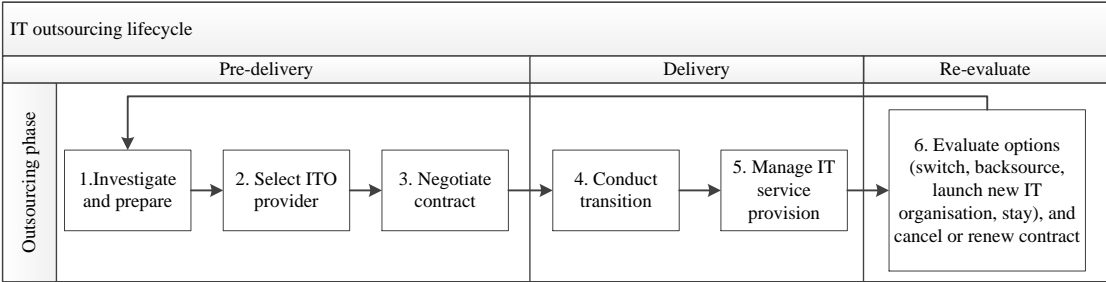


Figure 2-2 IT outsourcing lifecycle (developed for this thesis)

2.2.2 Factors influencing sourcing options

Based on the reviewed literature there are four main factors, which influence sourcing options after contracts are discontinued, these are switching costs, influence of relationships, influence of service quality, and fear of losing knowledge. These four main factors are depicted in Figure 2-3 and are discussed in the following sections (2.2.2.1-2.2.2.3).

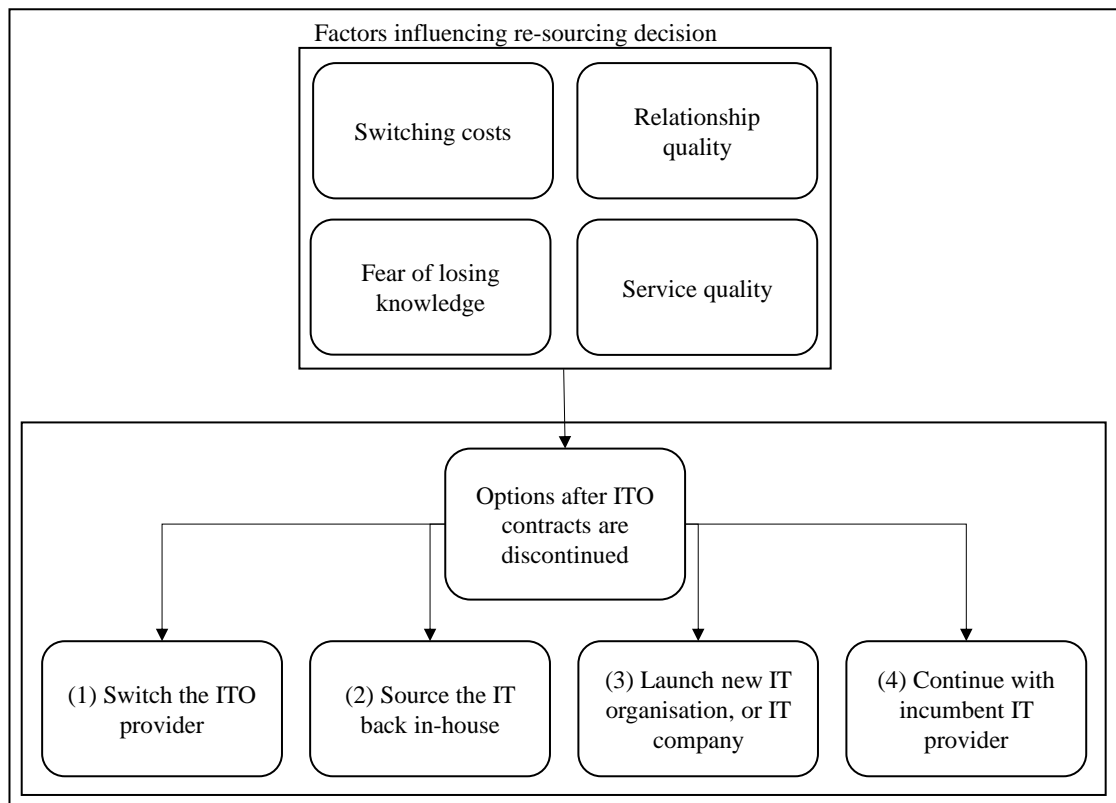


Figure 2-3 Factors influencing re-sourcing decision (developed for this thesis)

2.2.2.1 Influence of switching costs

Switching costs are an important factor in sourcing decisions and can be defined as expenditure "...in terms of economic (i.e., monetary) expenditures and intangible (i.e., psychological or relational) costs...", which are directly related with the changing of suppliers (Whitten & Wakefield, 2006, p. 226). Switching costs are a good indicator for understanding and predicting clients' outsourcing decisions after re-evaluating sourcing options (Whitten & Wakefield, 2006, p. 242). Whitten et al. (2010) argued that "the greater the information transfer/setup costs, the more likely that outsourcing continuation will be the strategic choice, vendor switching will be intermediate choice, and backsourcing will be avoided" (p. 173). The researchers warned "... high switching costs might entrap the customer organization into a 'no change situation', forcing it to

continue outsourcing IT work to the same vendor" (p. 173). As long as the incumbent provider has not totally missed the defined service levels or another provider has clear competitive advantage then the outsourcing customer continues with the incumbent provider so that additional risks and switching costs can be avoided (Bannur, 2012, p. ix).

Often, neither researchers nor managers incorporate switching costs into the overall cost calculation (Murray, Kotabe, & Westjohn, 2009). Not taking switching costs into the overall equations can result in wrong expectations regarding the transition duration (see section 2.4.4) and the amount of overall cost reductions which can be achieved by the switching of providers (see section 2.4.5) This can lead to serious troubles during the transition and can ultimately lead to an unsuccessful transition. One reason for not taking switching costs into consideration might be the fact that the measurement of these costs remains unclear (Whitten & Wakefield, 2006, p. 220). If companies anticipate low switching costs and have the option to choose from many providers there is "no real advantage in recontracting with the same vendor" (Barthélemy & Adsit, 2003, p. 94). However, there is the risk that companies just have not sufficient experiences to calculate or estimate the real costs which are involved in switching ITO providers. The literature on ITO switching costs provides only vague statements such as "...switching providers is extremely costly and painful..." (Weeks & Feeny, 2008, p. 127), "the cost of switching providers is very high" (Aron & Singh, 2005, p. 140), "substantial switching costs" (Whitten et al., 2010, p. 168), and "the single most threatening aspect of IT outsourcing is the substantial switching costs" (Poppo & Lacity, 2006, p. 278). Although, these statements are a good indicator that switching providers is indeed costly, the literature does not provide elaborate guidance on how to calculate, manage cost risks, which are involved in switching ITO providers. The switching costs model developed by Whitten and Wakefield (2006) focused on application development outsourcing and is only of limited applicability for ITO practitioners due to its complex theoretical construct and its limitation to application development outsourcing. The existing literature on switching ITO providers did not research if clients who decided to switch outsourcing providers were able to calculate or estimate switching costs correctly or if these customers were surprised by the actual costs involved during or after switching providers.

2.2.2.2 Influence of relationship and service quality

Researching the influencing factors of sourcing options, Whitten and Leidner (2006, p. 614) found that firms which decided to switch providers or to backsource typically experienced high service quality and low relationship quality. They (Whitten & Leidner, 2006) acknowledged that:

Relationship quality plays an important role in the decision to switch vendors. Of our three groups, those that switched vendors had the lowest perception of trust, commitment, culture, and communication in relation to their vendors... Hence, the building of trust between an outsourcer and a firm is far more a socio-emotional condition than it is a matter of providing excellent product and/or service (p. 614).

The importance of relationship for staying with the current provider has also been highlighted for example by Barthélemy and Adsit (2003) and by Bannur (2012). Researchers found a high interest in staying with the same provider if relationship specific investments have been made (Barthélemy & Adsit, 2003). Other researchers (Veltri & Saunders, 2006, p. 95) concluded that when there is low trust in the capabilities of the provider to manage the outsourcing deal and the relationship qualities are also low that this brings the client to consider back sourcing. The same can be assumed for the option of switching the provider. There is no research, which analysed if when ITO clients switched providers due to low trust, if the relationship with the new provider is characterised by low trust from the beginning due to negative experiences with the old provider.

2.2.2.3 Influence – fear of losing knowledge

The risk of losing knowledge and the resulting potential service operation distortions prevents companies from switching IT outsourcing providers (Alaranta & Jarvenpaa, 2010, p. 1; Bannur, 2012). Alaranta and Jarvenpaa (2010) argued that the "switching of IT vendors is seen to impose too much short-term operational risk to justify the financial savings and quality improvements that could accrue from a relationship with a new vendor" (p. 2). Knowledge and knowledge transfer is discussed in detail in section 2.5.

2.2.3 Conclusion

It was found through the critical literature review that ITO can be viewed as a lifecycle consisting of different phases. At the end of the ITO lifecycle there are four potential options for ITO clients how to proceed at the end of the contract. These four options are: (1) switch the ITO provider, (2) source the IT back in-house, (3) launch new IT organisation, or IT company, and (4) stay with the incumbent provider. ITO clients consider these sourcing options since various ITO deals have discontinued to serious issues, there are other ITO deals, which have reached the end of contract. No lifecycle model specifically included tasks for switching ITO outsourcing providers. The re-sourcing decision is influenced by switching costs, relationship quality, service quality, and the fear of the customer to losing IT service production relevant knowledge. Although switching costs play a significant role in the re-sourcing business case assessment, not much is known about the calculation, the reduction, or the cost risk management of ITO provider switching costs. The consensus on the rare literature on ITO provider switching costs is that the costs are significant.

2.3 IT outsourcing success

No literature was found, which holistically focused on ITO provider switching success. Therefore, in section 2.3 the literature on general ITO success factors phase was reviewed. Additionally, the factors contributing to success, which are conducted in the pre-delivery phase, were reviewed, since these factors play an important role for the actual transition to the new ITO provider.

2.3.1 Factors contributing to ITO success in general (not switching specific)

Chou and Chou (2009) listed a more abstract description of general ITO success factor such as:

- Use ‘best outsourcing practices’ as major references for corporate outsourcing decision.
- Clearly understand the goals, objective, scope, budget, and the duration of IS outsourcing project....

- Select a reputable vendor and then communicate well on corporate outsourcing plan.
- Realize the legal issues related to contract negotiations and signing.
- Communicate well with employees and stakeholders about outsourcing plan, this way may reduce the severity of resistance (p. 1039).

Even though these factors help to get an overview of common success factors, these factors are of limited applicability to the specific issue of switching ITO providers. In a review of 191 ITO articles relevant to practice from the early 1990s until 2009 Lacity, Khan, and Willcocks (2009) found that success factors contributing to ITO success can be categorised into three main groups. These are: "...*ITO decisions, contractual governance, and relational governance*. These determinants are depicted as direct relationships to ITO success in..." (p.139) Figure 2-4.

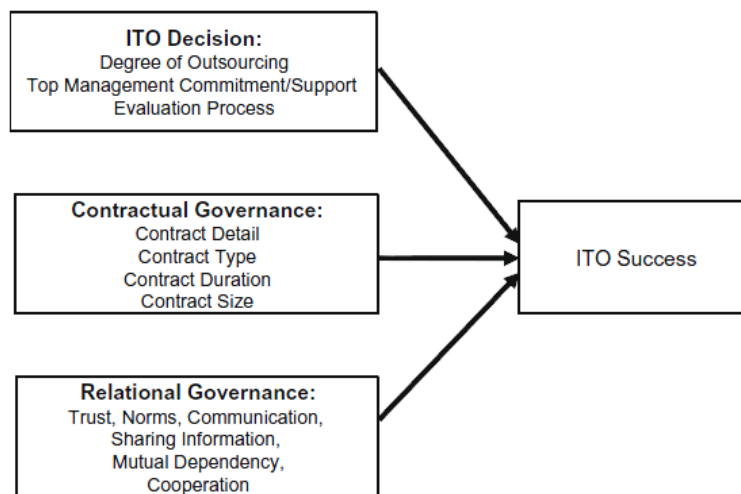


Figure 2-4 Three main categories of determinants of ITO success (Lacity et al., 2009, p. 139)

Summarizing their findings and giving insight for practitioners Lacity et al. (2009) wrote:

Overall, we know *ITO decisions* that entailed selective use of outsourcing, the involvement of senior managers, and rigorous evaluation processes were associated with higher levels of ITO success. *Contractual governance* also positively affected ITO success. In general, more contract detail, shorter-term contracts, and higher-dollar valued contracts were positively related to outsourcing success. (...) *Relational governance* positively affected ITO outcomes. Trust, norms, open communication, open sharing of information,

mutual dependency and cooperation were always associated with higher levels of ITO success (p. 138).

This goes hand in hand with the finding that troubled outsourcing deals often have no adequate governance (Bannur, 2012, p. vii). Although, this confirms how critical efficient governance is for the outsourcing deal in general, it is not clear how these results can be transferred on ITO provider switching situations. From the category ITO decisions, Lacity et al. Cullen et al. (2008, p. 136) found that top management commitment/support is the most critical factor for success. This relates to a finding by Dibbern, et al. (2004) who stated that trust plays a vital role in the success of ITO deals. They (Dibbern et al., 2004) referred to Sabherwal who proposed that psychological contracts play also a significant role in the relationship between the ITO client and the ITO provider. If the psychological contract is violated then this has negative consequences on trust, contentment and on turnover (S. L. Robinson & Rousseau, 1994). Based on these findings, it seems obvious that trust and the management of relationships between the client and the outsourcing provider are important factors contributing to success. ITO success itself can be considered an important factor contributing to success. The more successful the ITO deal is the greater the trust and vice versa (Lacity et al., 2009, p. 138).

Given that large investments are made in outsourcing deals, clients should not completely rely on relational governance factors such as trust and relationship. Barthélemy and Adsit (2003) endorsed this view in asserting that it is not advisable to completely rely on partnership factors and neglect contract negotiations "a good contract is essential to outsourcing success because the contract helps establish a balance of power between the client and the vendor" (p. 90). Therefore any outsourcing deal requires a sophisticated contract management, or how Lacity et al. (2009) calls it "contractual governance". Understanding the budget is of critical importance (Chou & Chou, 2009). Barthélemy and Adsit (2003) proposed to hire external experts as they know the hazards of outsourcing and how these hazards can be successfully managed. Reducing costs is only one part of the equation (Dall & Maggott, 2012, p. xvi) and additional costs for external experts may be justified in relation to the potential impact of the hidden costs (Barthélemy & Adsit, 2003, p. 94). Other researchers found that "... managing costs is less important than managing portfolio configuration, complexity and risk" (Cullen et al., 2005, p. 250).

This section provided an overview of general ITO success factors. Yet, it is important to view success factors in specific context (Cullen et al., 2008, p. 29).

2.3.2 Pre-delivery phase - factors contributing to switching success

Although, the pre-delivery phase (see Figure 2-2) is excluded from the scope for this thesis, it will be shortly reviewed since some important cornerstones for a successful transition will already be laid during this phase. Respectively, if the discussed important cornerstones are disregarded, then problems will inevitably arise during transition to the new provider. In one of the few research papers on switching ITO providers Sia Siew et al. (2010) researched a large public-sector organisation, which has chosen to switch the IT call centre provider. This deal had a total contract value at close to \$80 million. Sia Siew et al. (2010) argued that six factors improve the readiness for transition before switching to a new provider and two factors on the intersection between pre-delivery and delivery. These factors are shown Table 2-2.

Table 2-2 Factors to improve transition readiness

Factors	Description
Before signing any outsourcing contract (pre-deliver phase)	
1. Ensure resource ownership and access rights or privileges are specified in the contract	Clients need to identify resources and knowledge where the client itself needs the ownership. This then needs to be contractually regulated
2. Align clients' outsourcing goals with provider's incentives	Clients should develop an incentive mix, which ensures that the provider increases performance and innovation over time with the key goal that the provider does not need to be changed in the first place
3. Contractually specify the supplier's obligations for transitioning to a new provider	The obligations, which the incumbent provider has to perform need to be contractually regulated
During the operational phase with the incumbent provider (delivery phase)	
4. Continuously surface and safeguard new sources of potential resource stickiness	The client should continuously identify sticky resources and need to ensure that a) the client updates its knowledge on the identified resources b) documentation is regularly updated
5. Proactively reduce organisational complexity through simplification and standardisation of internal operations	The organisational complexity should be proactively reduced, so that the transition to a new provider can be performed faster
6. Consciously nurture relationships with multiple providers	Relationships should be developed with a group of potential new providers, early
Switching to a new provider at the end of the contract	
7. Tactfully manage relationship tensions among client, incumbent and new provider	The tripartite relationship needs to be managed carefully, since "an uncooperative old supplier or an insensitive new supplier increases the risk of transition problems"
8. Ensure there are sufficient resources to manage supplier transition and unexpected contingencies	Clients should ensure that they have necessary resources to manage the transition and can cope with unexpected difficulties

Adapted from Sia Siew et al. (2010)

Although, these eight factors by Sia Siew et al. (2010) are a good starting base for clients who want to switch providers and want to prepare early, these factors are not complete. One important factor in the pre-delivery phase not mentioned by Sia Siew et al. (2010) is a thorough due diligence. The client should ensure that the new potential ITO provider conduct an extensive due diligence. Beulen and Tiwari (2010) noted for initial ITOs that "before the service providers make a final offer during contractual negotiations, a thorough due diligence activity is required to closely understand the actual outsourced work and its related dependencies..." (p. 64). Due diligence is even more important when providers are switched since in this phase the new provider needs to understand the interdependencies between the incumbent provider and the client. This is vitally important for the client and the new provider, since due diligence lays the baseline for the transition cost estimation and the estimation of the transition duration by the new provider. Additionally, the new provider has during due diligence the opportunity to assess the actual implemented IT maturity, and can identify specific risks.

Sia Siew et al. (2010) advised that knowledge gaps (factor 4. in Table 2-2) should be identified and be closed continuously, so that knowledge asymmetries (see discussions of knowledge asymmetries in section 2.5.8) are minimised. This is good advice, however identifying knowledge gaps before the transition to the new provider will be only partly successful. Alaranta and Jarvenpaa (2010) noted "...at the time of the contract negotiations, both parties [client and new provider] were still largely unaware of the gaps in the knowledge that would trouble the change-over from the prior provider to the new provider" (p. 5). Alaranta and Jarvenpaa (2010, p. 2) argued that much of the operational knowledge is only visible to the people involved in everyday operations. This means that the client and the new provider will possibly face unexpected knowledge gaps during transition when providers are switched. There are two inherent important advices by Sia Siew et al. (2010). One is that clients need to stay in the driver seat and need to be proactive. The other important advice is that clients need to regulate contractually the necessary access to knowledge and the support of the provider. However, even if the customer tries to bind the ITO provider by contract and tries to regulate all eventualities for a transition to a new provider, it can be anticipated that most contracts are not airtight (see discussions about intellectual property in section 2.5.6). In their final recommendation Sia Siew et al. (2010, p. 32) called for the active involvement of the client management to ensure that the old provider supports the new provider as needed and therefore minimize service disruptions (p.32). However,

outsourcing clients often misjudge the capabilities they need to retain within their own organisation (Willcocks, Hindle, Feeny, & Lacity, 2004, p. 10) even for managing initial outsourcing deals. It is unclear how a retained organisation, which is staffed to manage an incumbent provider, should also have sufficient resources and capabilities to similarly manage or support the transition to a new outsourcing provider.

2.3.3 Conclusion

Although, there is research on general ITO success factors, no literature, which holistically focused on the factors that contribute to ITO switching success, was found. Since success is idiosyncratic, success criteria need to be defined before the ITO starts. To assess if ITOs are successful, the achievement of success criteria need to be measured. The literature review revealed that ITO governance plays a critical role for successful ITO outsourcings in general. A successful ITO is positively correlated with trust. The contract with the ITO provider needs to be professionally managed. Though an important foundation for successfully switching ITO providers is already laid during the pre-delivery phase and end the end of the contract with the old provider, there is only very limited research. ITO clients are well advised to contractually bind the provider to fully support the transition to the new provider (e.g. knowledge transfer) and pro-actively prepare the transition. It was established that not all obstacles and knowledge gaps, which will materialise during the transition to the new provider, could be avoided.

2.4 The transition - factors contributing to switching success

As there is no research which specifically focused on ITO transitions when ITO providers are switched, the general ITO transition literature was critically reviewed.

2.4.1 Transition

Transition is a complex, risky, and challenging phase of strategic importance, which begins after the contract is signed and ends with service delivery. Transition "...sets the tone for the entire relationship and involves handover of outsourced services from either the client's internal IT department or the incumbent service provider" (Beulen & Tiwari, 2010, p. 55). Cullen and Willcocks (2003) defined the transition stage as "implementing

the new way of operating" and stated that it is the goal of transition to ensure that the new way of working is realised. Transition can be summarised as the seminal milestone, (Beulen & Tiwari, 2010) and is the most important phase (Scott, 2009) for the successful implementation of an outsourcing contract. Transition is often a phase of concern for those who are affected (Willcocks & Cullen, 2013, p. 167). Understanding the factors which contribute to a successful transition is vitally important, since researchers have suggested that a majority of the cases failed transitions are the root cause for unsuccessful outsourcings (Beulen & Tiwari, 2010, p. 55). There is a risk that companies, which have chosen to switch outsourcing providers, underestimate the efforts, complexities and risks involved. Sia Siew et al. (2010) disputed the common perception that "once part of a business process has been outsourced, it can, if necessary, easily be 'un-plugged' from one supplier and 're-plugged' into another" (p.29). Poorly managed transitions can result in extraordinary cost increases, delays, bad customer satisfaction, and overall resistance to outsourcing (Nagendra, 2013, p. 5), and can finally lead to serious business disruptions (Peterson, 2012, p. 390; Scott, 2009, pp. 82-83). Additionally, failed transitions can lead to the cancellation of ITO contracts (Hild, 2013).

2.4.2 Transformation

Several authors (Basu, Singhal, Li, Stephenson, & Yao, 2012; Hild, 2013; Trueb & Bhend, 2009) have differentiated the handover of outsourced IT services between transition and transformation as shown in Figure 2-5.

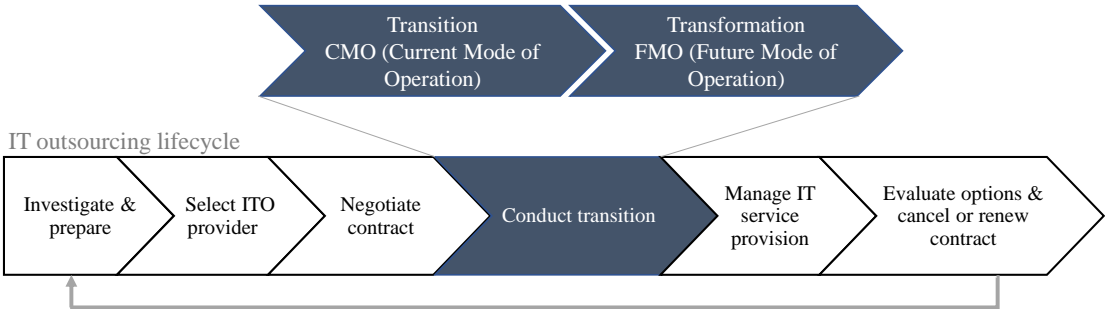


Figure 2-5 Transition and transformation (developed for this thesis)

If transition and transformation are distinguished, then during the transition phase services are transferred to the new provider as they are currently operated without any adaptations (Hild, 2013). This means the current mode of operation (CMO) is transferred

to the new provider (Basu et al., 2012; Hild, 2013; Trueb & Bhend, 2009). The main objective is to achieve the change of control. After the change of control the new provider is responsible for delivering IT services to the customer (Basu et al., 2012; Hild, 2013). Compared with transition, the objective of transformation is to transform the CMO to the future mode of operation (FMO) (Basu et al., 2012; Hild, 2013; Trueb & Bhend, 2009). For the FMO technologies, processes, services will be adapted and improved (Hild, 2013). For example, servers and applications will be consolidated, devices will be changed (Hild, 2013), and processes will be adapted (for example from ITIL (IT Infrastructure Library) version 2 to ITIL version 3). Often, through the transformation from CMO to FMO overall costs should be reduced, services, and quality improved simultaneously (Basu et al., 2012).

2.4.3 Mixing transition and transformation

Experts warned about the risks of mixing the activities from transition and transformation into one phase (Hild, 2013; Kimball, 2003). When providers are switched this would mean that for example processes and the PC-client environment are not transferred as currently operated (CMO). Instead, processes will be transformed for example from ITIL version 2 to version 3 and additionally the PC-client architecture will be migrated from a fat client to a thin client architecture. Mixing transition and transformation can lead to additional resource requirements due to multitasking and can lead to an overall instable IT-environment, so that customer's objectives might not be achieved at all (Hild, 2013). This means that when it is the objective to mix activities from transition and transformation into one phase – this should be done only after conducting a thorough risk assessment (Hild, 2013; Kimball, 2003). An overview of the advantages and involved risks of the different approaches to transition and transformation are provided in Table 2-3.

Table 2-3 Transmission and transformation: advantages and risks

	First transition, then transformation	Mixing transition and transformation
Advantages	<ul style="list-style-type: none"> • Services, processes, applications, etc. can be first transferred from the CMO, so that there are no changes, or only minimal changes to the current practices • Higher initial customer acceptance of the new provider due to fewer changes • Prolongation of CMO as fall-back scenario available • Lessons can be learned along the way and transitional approach can be adapted accordingly 	<ul style="list-style-type: none"> • Services, processes, applications, etc. will be directly designed for FMO • ITO goals can be achieved faster • If performed effectively customer acceptance could be higher because changes become visible early
Risks	<ul style="list-style-type: none"> • Might be slower, since first the transition needs to be conducted and then the transformation • Provider might not be able to support CMO as required 	<ul style="list-style-type: none"> • Additional resources are needed • Provider has not yet sufficient context sensitive information to design FMO as required • Higher complexity • Complexity can become too complex, so that it cannot be handled effectively • Overall instable IT environment which affects the business environment • No fall-back scenario to CMO available

Based on Hild (2013), Pfeifer (2012), and Trueb and Bhend (2009)

Mixing transition and transformation provides more and greater risks, as shown in Table 2-3. There is no literature, which provides advice how transition and transformation can be successfully combined. On the contrary, many authors (Beulen, Ribbers, et al., 2011; Beulen, Tiwari, & van Heck, 2011; Hirschheim, Heinzl, & Dibbern, 2006) have not even clearly differentiated the transitional phase from the transformational phase, instead these authors just speak of transition. Therefore, in the following sections transition and transformation cannot be distinguished.

2.4.4 Transition duration

Various researchers (Beulen, Ribbers, et al., 2011; Hirschheim et al., 2006) estimated that the transition takes two to three months. Scott (2009, p. 82) estimated the duration from three to six month, or longer. The estimations that transitions can be successfully performed within a timeframe of two to six months appears overly optimistic or are estimates for small transitions (in terms of total contract value and complexity). Barthélemy (2001, p. 64) and Overby (2003) found that the average transition time for

initial outsourcing deals is 12 months while Gottschalk and Solli-Saether found (2005) that the transition for large outsourcing deals can take between "18 month and more than two years" (p.158). These figures appear more realistic for large ITO switching transitions. Generally can be said that the more complex the outsourcing endeavour the longer it will take to successfully complete the transition. The literature review has not revealed any duration figures for outsourcing deals where providers are switched. As an indication it can be expected that the transition to the new provider will take as long as the transition to the initial ITO provider (Gottschalk & Solli-Sæther, 2005, p. 277). There are some factors, which can prolong the transition duration such as complex temporary multi-sourcing setup (see section 2.6) and a hostile or unsupportive provider (see section 2.4.8).

2.4.5 Transition costs

The cost of the transitional phase can take a significant portion of the overall costs. This phase of the outsourcing will probably be the most expensive investment of the complete contract time (Overby, 2003). Beulen and Tiwari (2010) found that "the cost of transition is substantial and ranges from 2 to 15% of the total cost of the first year of the outsourcing deal (Ambrose and Matlus, 2005)" (p. 56). Others, for example Freiherr von Gamm (2012, p. xxix) estimated transition and transformation costs to be 10-15 % of the overall costs. But transitions can be much more expensive if they are not successfully conducted (Hild, 2013). Even relatively simple transitions where the IT can be transferred directly from the client to the outsourcing provider are costly endeavours and "...in some cases, they [the transition activities] halved or even cancelled out the company's potential savings from outsourcing" (Barthelemy, 2001, p. 60). Experts, for example Hild (2013), suggested that sometimes providers try to reduce their transition costs, so that a better margin for the overall ITO deal can be achieved. Usually, this negatively affects the quality of the transition (Hild, 2013). In section 2.2.2.1 it was established that there is no practical literature, which explicitly guides practitioners how to calculate switching costs, reduce switching costs, or manage the cost risks involved in switching ITO providers. This can potentially lead to serious issues during transition when either the new outsourcing provider and/or the client has miscalculated the involved switching costs. There is the risk that if the new provider has miscalculated the costs for the transition, that the providers then tries to reduce the costs during transition (Hild, 2013). Generally, it can be assumed that the transitional

activities for switching providers are even more costly than for the initial outsourcing, for example due to additional costs for knowledge transfer and intellectual property. Although, most clients are not able to calculate the transition costs (Barthelemy, 2001, p. 63) it can be generally stated that the more idiosyncratic the IT service to be outsourced, the more complex the transition, and the more expensive the transition will be.

2.4.6 Transition tasks

Various authors (Beulen, Ribbers, et al., 2011; Beulen & Tiwari, 2010; Cullen et al., 2005; Gottschalk & Solli-Sæther, 2005) have defined critical tasks which need to be conducted during the transition phase. Table 2-4 provides an overview of the critical transition tasks presented in four papers. Table 2-4 clearly demonstrates that many transitional tasks need to be conducted before the outsourcing project is actually successfully implemented (Chou & Chou, 2009, p. 1039). Due to the lack of studies, Table 2-4 does not show tasks, which are critical for switching ITO providers, such as for example temporary multi-sourcing (see section 2.6). From the four major categories ("transition planning, knowledge transfer, transition governance, and retained organization") identified by Beulen, Tiwari, et al. (2011) the researchers came to the conclusion that "knowledge transfer and transition governance" had the strongest impact on transition achievement (Beulen, Tiwari, et al., 2011, p. 222). To manage the transition effectively clients need to setup an overall transition governance structure. Beulen & Tiwari (2010) asserted that "...both client and service providers need to develop and implement an appropriate governance model for efficiently conducting day-to-day activities and for monitoring it at a higher level" (p. 64). Table 2-4 lacks completeness and sufficient detail to understand the specific transitional tasks, which need to be performed when ITO providers are switched.

Table 2-4 Overview: Critical transition tasks

Adapted from Gottschalk and Solli-Saether (2005, pp. 158-159)	Adapted from Beulen, Tiwari, et al. (2011, p. 207)	Adapted from Cullen et al. (2005)	Adapted from Choi (2008, pp. 61-62)
Distribute the contract	Transitional planning <ul style="list-style-type: none"> • Project interdependencies • Identification of resources • Quality of transition plan • Contractual and regulatory obligations 	Finalise and mobilise all plans	Establish transition management committee
Interpreting the contract	Knowledge transfer <ul style="list-style-type: none"> • Idiosyncrasies of outsourced activities • Prior history of interaction between client and service provider • Motivation of subject matter experts • Ramp-down of client IT personnel 	Resource transition project	Prepare project plan
Establishing post contract management infrastructure and process	Transition Governance <ul style="list-style-type: none"> • Involvement of cross-functional personnel • Alignment of transition and commercial commitment • Alignment of transition and service delivery responsibilities 	Manage impact on staff	Manage transition
Implementing consolidation, rationalization, and standardization	Retained Organization <ul style="list-style-type: none"> • Timely communication of outsourcing plan • Capabilities of retained organization's personnel • Alignment of retained organization with business • Alignment of retained organization with service provider's front office 	Manage transfers	Conduct communication strategy
Validating baseline service scope, costs, levels, and responsibilities		Manage knowledge retention and transfer	Develop and conduct human resource management strategy
Managing additional service requests beyond baseline		Implement retained organisation and contract management	Develop and conduct asset transfer strategy
Fostering realistic expectations of supplier performance		Engineer workflows, communication channels, authorities	Finalise with service provider department's requirements
Publicly promoting the IT contract		Conduct acceptance, closeout and post-implementation review	Review transition arrangements

2.4.7 Transition strategies

There are different strategies of how a transition can be conducted. The reviewed literature differentiated between a big bang approach and a phased (synonymous: staged, or incremental) strategy. Two papers one by Cullen et al. (2005) and the other by Malhotra and Temponi (2010) added variations to these two main strategies as shown in Table 2-5. In a big bang transition all services, applications, processes, etc. are transitioned in a very short time period e.g. one day or one weekend. In a phased transition strategy services, applications, processes are transitioned over a longer period. For this type of transition the items to be transitioned are prioritized. Table 2-5 shows an overview of the different types (and names used) of transition strategies.

Table 2-5 Transition strategies

Author(s)	Transition strategies			
	Big bang	Staged		
Goolsby (2009)	Big bang	Phased		
Pfeifer (2012)	Big bang	Phased		
Oshri, Kotlarsky, and Willcocks (2011)	Big bang	Phased		
Urs and Angwin (2013)	Big bang	Phased		
Chadha (2013)	Big bang	Incremental		
Cullen et al. (2005)	Big bang	Phased	Piecemeal	
Malhotra and Temponi (2010)	Big bang	Phased	Parallel	Process line

Each transition strategy has its own advantages and disadvantages, which are shown in Table 2-6. On the one hand, the literature review has not discovered any studies, which show that a big bang transition strategy has been used for large ITO deals. Probably, the reason for this is that the inherent risks for this type of transition strategy outweigh the possible advantages. On the other hand, there is no literature, which provides suggestions on how a phased approach for ITO switching deals should be conducted and how pitfalls can be avoided.

Table 2-6 provides a good overview for transitions, which are not switching specific. However, Goolsby (2009) did not discuss the disadvantages, which can be expected, if a phased approach will be used for transitions when providers will be switched. Examples for disadvantages are a complex temporary multi-sourcing environment with all its possible difficulties such as a complex incident management, where it can be unclear who is responsible for solving incidents.

Table 2-6 Advantages and disadvantages of transition strategies

	Big bang approach	Phased approach
Advantages	<ul style="list-style-type: none"> • Faster move to the future mode of operation (FMO) • Short duration of transition • No costs for additional interfaces required • No multi-sourcing environment 	<ul style="list-style-type: none"> • Involved parties can learn from failures and adapt accordingly – incorporate lessons learned into transition approach • An unsuccessful implementation of a few work packages, processes, services, etc. usually does not result in long-term business critical service disruptions • Services, processes, etc. can be implemented according to diverse implementation requirements such as diverse: <ul style="list-style-type: none"> ○ Geographies ○ Legal requirements ○ Risk requirements (first low risk then high risk, or vice versa) ○ Business unit requirements ○ Etc.
Disadvantages	<ul style="list-style-type: none"> • A failure of the big bang approach can result in long-term business critical service disruptions • If the big bang approach fails provider and customer may not have the time to develop adequate workarounds in time • Increased rate of failure • A failed big bang transition can result in extraordinary additional costs • Long duration of transition if initial big bang approach fails • Long preparation for the big without adequate possibilities to learn from failures – lessons learned • Costly preparation of big bang 	<ul style="list-style-type: none"> • Potentially long duration of transition • Costly transition

Adapted from Goolsby (2009)

When providers are switched, transitional activities can be extremely resource draining for clients - as clients need to manage (monitor and correct) the operations of the incumbent provider and the operations of the new provider. Additionally, the client also needs to manage the transition from the old provider to the new one. For large ITO switching deals there will be a temporary multi-sourcing situation, since services from large and complex ITO deals can often not be migrated via a big bang approach where all services are migrated from the outgoing provider to the new provider at once. This multi-sourcing situation binds further customer internal resources. As multi-sourcing situations require a dedicated set of qualities and bear additional risks – a dedicated section on multi-sourcing can be found in section 2.6.

2.4.8 Incumbent provider is not supportive

Transitioning from the incumbent provider to the new provider can imply material risks for outsourcing customers (Peterson, 2012, p. 390). Managers often do not think about the termination of outsourcing deals (Barthélemy & Adsit, 2003; Gottschalk & Solli-Sæther, 2005) and therefore they do not plan how existing outsourcing deals can be exited (Barthélemy & Adsit, 2003, p. 94), or managers only draft exit clauses which are too high-level for later execution (Gottschalk & Solli-Sæther, 2005, p. 277). Clients are well advised "to think exit" and plan accordingly (Gottschalk & Solli-Sæther, 2005, pp. 272-273) even if this seems to be an unnecessary activity before or at the beginning of an outsourcing deal (Gottschalk & Solli-Sæther, 2005, p. 277). Not sufficiently specifying handover procedures can often be linked to transitional problems when the contract is terminated (Willcocks, Cullen, & Craig, 2010, pp. 256-257). When existing outsourcing deals are exited, parties cannot rely on functioning relationships (Peterson, 2012, p. 390). Willcocks et al. (2010, p. 256) warned that assuming that providers will act only to support customer's objectives is "a high- risk strategy". For the old provider there is often little motivation to support the transition as required by the customer and the new provider. This can lead to additional costs charged by the new provider due to uncalculated transition support (Willcocks et al., 2010, p. 256). Therefore, it is in the interest of the outsourcing customer that the transition from the incumbent provider to the new provider is contractually regulated (Paulo & Galvao, 2012, p. 264). This is important since the switching of ITO providers requires that all three involved parties work closely together (Alaranta & Jarvenpaa, 2010, p. 8). The likelihood of transitional problems will be greatly increased when the incumbent provider is unsupportive (Sia Siew et al., 2010, p. 31), since the new provider and the customer are dependent on the support of the incumbent provider. This dependence becomes obvious for example during knowledge transfer (see section 2.5) and temporary multi-sourcing (see section 2.6).

It is likely that the outgoing provider will transfer experienced employees to other outsourcing deals where they can pursue more attractive business opportunities (Hild, 2013). If experienced employees transfer to other outsourcing deals too early then this will increase the risk of serious issues during the transition to the new provider. However, the existing literature provides little insight how the loss of experienced employees can be avoided or the resulting risks can be managed effectively.

2.4.9 Exit clauses

"When contracts expire there is a need to have an exit strategy focusing not only on the economic success of the IT outsourcing, but also to question issues such as core competence management, access to resources, and the maturity of the relationship" (Gottschalk & Solli-Sæther, 2005, p. 16). Clients should make sure that the contract with the initial service provider contains a transition clause which regulates how and what the incumbent provider needs to transition to the new provider. If exit clauses do not exist in necessary detail customers should try to negotiate the required support for an exit scenario with the incumbent provider (Hild, 2013). This kind of contract negotiation should be conducted before the contract with the new provider is signed, since the incumbent provider will be much more open for this type of addition to the contract during this phase (Hild, 2013). If the needed exit support and requirements regarding intellectual property (see section 2.5.6) are not specified and agreed before the contract with a new provider is signed – customers should expect to pay much higher prices for support and intellectual property (Willcocks et al., 2010, pp. 256-257). Table 2-7 provides an overview of which issues should be covered by the exit clause of a contract to increase the probability of a smooth transition to the provider.

Table 2-7 Issues to be covered by the exit clause

Peterson (2012, pp. 391-392)	Adapted from Paulo and Galvao (2012, pp. 264-265)	Adapted from Parikh and Gokhale (2006, pp. 151-152)
Minimum period in which supplier will continue to perform base services if the customer requests	Provide training to the new staff providing the services	Right to purchase assets and infrastructure
Transition services to be provided by the supplier; and pricing for such services (e.g. consulting and training)	Release of documents	Right to employ people who were providing services
Right to solicit and hire the supplier's personnel who perform services for the customer	(Re-) transfer hardware and software (together with the associated licences)	Description of payment of outstanding fees and escrow
Right to purchase the assets and assume the contracts and licences that the supplier is using to provide the services	Perform technical assistance	Procedure for handling intellectual property
Right to obtain customer's data and other intellectual property...	Detailed described of scope of services, remuneration, and duration	Procedure for handling confidential information
Obligation of supplier to cooperate with third parties, including replacement service providers		Procedure for handling current work orders

Although Table 2-7 provides important cues to be considered, it misses significant details. For example according to Paulo and Galvao (2012) it is required that documents are released by the incumbent provider. What Paulo and Galvao (2012) do not request is that the documents need to be up to date and need to have a defined quality. If the incumbent provider has not the contractually obligations to provide up to date documents then there is the risk that the incumbent provider releases old documents in subpar quality, which are only of limited usability for the new provider or the customer. The reviewed authors in Table 2-7 missed to define which documents are essential and must exist (e.g. operational handbook, process documents, etc.). If it is not specifically defined, which documents must exist, and then there is the risk that the incumbent provider did not handover required documents, but only documents, which are available. Evidently, the reviewed authors in Table 2-7 failed to request two of the most important deliverables, which are that the incumbent provider is required to transfer the complete knowledge and the complete data (including historical data) either to the customer or to the new provider. Furthermore, to minimise fluctuations effectively (see discussions in section 2.4.8), exit clauses should require the incumbent provider to stick to a defined percentage for employee fluctuations (e.g. 5%). In this context, it should be required by the exit contract that it needs to be agreed by the customer when defined key employees of the incumbent provider want to change to another outsourcing account.

2.4.10 Conclusion

While there is literature on ITO transition in general, there is no research, which specifically focused on the transitional success factors, when ITO providers are switched. Transition is a highly complex, resource intense, and risky phase with the objective that IT services are successfully implemented and delivered by the ITO provider as contractually agreed with the ITO client. Compared to initial outsourcing transition, the degree of complexity is vastly increased in ITO provider switching deals. In the majority of the cases, unsuccessful ITOs can be related to failed transitions (Beulen & Tiwari, 2010). It can be assumed that the duration of large and complex ITO transition is between 12-18 months. The costs of the transitional phase can take a significant portion of the overall ITO costs. If transitions are badly conducted, they can be so costly that they eat away the ITO provider's profit for the complete contract lifecycle (Barthelemy, 2001) and can risk the business continuity of the ITO client.

Therefore, the research on factors, which contribute to a successful switching ITO providers with the focus on transition, is considered as significant.

2.5 Knowledge Transfer

Knowledge is the centrepiece of the modern company, and the basis for competitive advantage (R. M. Grant, 1996b; Teece, 2000) or as R. M. Grant (1996a) has put it "...*knowledge* has emerged as the most-strategically-significant resource of the firm" (p. 375). This is true for any ITO endeavour where knowledge and the transfer of knowledge plays a significant role. Losing knowledge can be devastating for the parties involved in outsourcing and therefore procedures need to be defined how knowledge can be safeguarded and successfully transferred (Willcocks et al., 2004, p. 10). Many authors have emphasised the critical importance of knowledge transfer (Blumenberg, Wagner, & Beimborn, 2009), or knowledge sharing (Bandyopadhyay & Pathak, 2007; Lee, 2001) in ITO deals. Concerning the transfer of knowledge, switching ITO providers brings additional challenges.

When providers are switched, it cannot be anticipated that the majority of IT experts (together with the client specific knowledge) will transition from the incumbent provider to the new provider. This means that the accumulated knowledge needs to be transferred. In a research paper about offshoring business processes Aron and Singh (2005, p. 141) suggested clients should plan to have sufficient expertise in-house, so that clients are able to train the new provider. Although this is a good recommendation, clients will often have not sufficient resources and expertise to train the new provider. As a rule of thumb it can be said that the bigger and the more complex the outsourcing deal the less likely it is that the client has adequate resources in-house. Knowledge transfer from the incumbent provider to the new provider is one of the most important transition activities (Scott, 2009, p. 90). Without knowledge transfer the new provider will have problems to deliver services for the customer as required (Scott, 2009, p. 90). Although, Aron and Singh (2005, p. 141) found that the knowledge transfer from the incumbent to the new provider is suboptimal, since both are competitors, they (Aron & Singh, 2005) offered no practical advice, other than that clients should transfer knowledge themselves. One of the few research papers which researched the switching of ITO providers is that by Alaranta and Jarvenpaa (2010). This paper focused on knowledge transfer when providers are switched and they (Alaranta & Jarvenpaa, 2010)

published a single case study on how a public sector organisation, which switched providers, managed the loss of experiential knowledge. Alaranta and Jarvenpaa (2010) highlighted two major problems of knowledge transfer, when providers are switched, as follows:

First, no operational client personnel with critical knowledge of daily operations joins the new vendor. Second, a long-term outsourcing relationship with a prior vendor means that much daily operational knowledge stays with the prior vendor. The client's knowledge loss exacerbates the problem of knowledge transfer as the client no longer possesses the information that the new vendor critically needs to service the client (p.2).

This means that both, the client and the new provider are dependent on the support of the incumbent provider. This is due to two main reasons. The first reason is that the client has often outsourced capabilities and required experiential knowledge during the initial outsourcing, so that the client itself is no longer capable of transferring required knowledge itself to the new provider. The second reason is that the new provider has not yet developed the context sensitive knowledge (see section 2.5.7), which is required to deliver IT-services for the client. The incumbent provider can either actively cooperate with the new provider or "can pursue a hostile strategy of being uncooperative" (Chua et al., 2008, p. 24). It can be assumed that the leaving provider has only marginal interest of actively supporting the incoming provider with knowledge transfer, even when exit clauses exist which contractually oblige the incumbent provider to transfer knowledge. The knowledge transfer will get particularly difficult if the outgoing provider is not contractually obliged to support the incoming provider. This is confirmed by Chua et al. (2008) who found:

Being competitors, the transfer of resources between the outgoing (i.e., incumbent) and incoming (i.e., new) vendor presents a series of challenges not present in traditional outsourcing arrangements. Technologies, tools, business processes, intellectual properties and knowledge have to be transferred between vendors, not just between client and vendor. Pure monetary reward may encourage cooperation in traditional outsourcing; but in vendor transition, the outgoing vendor is reluctant to transfer assets to the incoming vendor. Such

assets (e.g. source code) often provide the outgoing vendor with competitive advantage in other contracts (p. 19).

Chua et al. (2008) named source code as an example, but it can be expected that this finding similarly applies to other knowledge areas. With the loss of knowledge comes the risk of degraded service quality. This is confirmed by Alaranta and Jarvenpaa (2010) who found that switching often leads to "temporary service disruptions of operations, lowered service levels and frustrations and dissatisfaction among the client employees" (p.2). In addition, this can lead to situations where transition milestones are not successfully completed, to extended project duration, and to additional costs. Clients should take into consideration that once the contract of the incumbent provider has expired, the provider will leave regardless if the new provider is already prepared to deliver the service or not (Chua et al., 2008, p. 20). This can negatively affect service level and even risk business continuity if the new provider is yet able to deliver the complete set of required IT services. Alternatively, the client needs to be prepared to pay the old provider for extending the contract until the new provider can deliver the IT services. Additionally, the process of knowledge transfer is often further complicated since companies and respective managers often underestimate the value of knowledge, which needs to be transferred, or received (Willcocks et al., 2004, p. 7).

Alaranta and Jarvenpaa (2010) recognised some of the typical knowledge transfer issues, when providers are switched, such as knowledge transfer barriers by the incumbent provider, conflicts, and escalations. They (Alaranta & Jarvenpaa, 2010) have not recognised specific issues, which can arise for example from intellectual property (see section 2.5.6), from difficulties regarding reciprocity (see section 2.5.4), or from the absence of trust (see section 2.5.5). Alaranta and Jarvenpaa (2010) did not include switching costs, which emerge from knowledge transfer, in their discussions, although these costs are crucial for the overall business case. The author's (Alaranta & Jarvenpaa, 2010) argumentation was, for the single case they researched, that the switching of providers was required by law and had to be performed regardless of the involved switching costs.

Alaranta and Jarvenpaa (2010, pp. 7-8) have identified four main factors in knowledge transfer. With "modularisation" (1), the authors mean that services, which should be outsourced to another provider, should be described in modules (e.g. help desk). This is

an important finding, however the finding is already common practice in ITO and focuses on the phases before the contract is signed and therefore before the transition. The second factor is the "re-use of outside expertise" (2) from consultants and key experts of the incumbent provider. This is another important finding, however Alaranta and Jarvenpaa (2010) did neither provide any insight for steps clients (or incumbent providers) need to take to ensure a successful transfer of key experts, nor do they discuss the involved pitfalls and difficulties. The third factor according to Alaranta and Jarvenpaa (2010) is the "joint collaboration" (3) of all three parties. Alaranta and Jarvenpaa (2010) only discussed this finding very briefly and they neither provide further analysis of how the joint collaboration can be achieved, nor do they provide detailed insight of the challenges customers and incumbent providers should expect. Alaranta and Jarvenpaa (2010) called the fourth factor "personal identities at work" (4) and they mean two things with it. On the hand that project members had internalised that "failure is not an option" and that in case of a failure all three parties would lose, including the incumbent provider. On the other hand, they mean with "personal identities at work" that the key managers of the client and the new provider managed conflicts and escalations in a way that did not allowed these conflicts to disrupt collaboration between these two parties. These findings are interesting since they highlight how important joint collaboration and a sustainable escalation management strategy is. However, Alaranta and Jarvenpaa (2010) did not consider that the incumbent provider can perform a hostile strategy, since they anticipated that the incumbent provider would not risk to forgo future business opportunities with the ITO client. Moreover, it would have been interesting to see advice by Alaranta and Jarvenpaa (2010) on how the concept of personal identities can be implemented in other ITO switching deals.

2.5.1 Knowledge project success factors

To understand knowledge project success factors Davenport, David, and Beers (1998) analysed knowledge management projects in twenty-four companies. The researchers (Davenport et al., 1998) found eight factors for successful knowledge management projects which are concluded in Table 2-8.

Table 2-8 Knowledge project success factors

Knowledge project success factors	Description
1. Link to economic performance or industry value	<ul style="list-style-type: none"> • Money can be earned or saved due to the knowledge management project • Industry perception of the company rises which has performed the knowledge management project
2. Technical and organizational infrastructure	<ul style="list-style-type: none"> • Technical infrastructure supports the knowledge transfer (databases, web infrastructure, etc.) • Organisational roles that support knowledge transfer are implemented (e.g. knowledge project managers, knowledge reporters, editors, knowledge network facilitators, and coaches)
3. Standard, flexible knowledge structure	<ul style="list-style-type: none"> • Create flexible knowledge repositories where knowledge can be stored
4. Knowledge-friendly culture	<ul style="list-style-type: none"> • "People have a positive orientation to knowledge..." • "People are not inhibited in sharing knowledge..." • "The knowledge management project fits with the existing culture" • One of the most critical factors for the success of knowledge projects
5. Clear purpose and language	<ul style="list-style-type: none"> • Clear knowledge management definitions (e.g. knowledge, information, organizational learning) • Use of language which transcends the common usage of vocabulary from the military and natural sciences • Use of language which reflects the ambiguity of knowledge management and deals with uncertainty and complexity
6. Change in motivational practices	<ul style="list-style-type: none"> • Find ways to motivate people to share their knowledge • Being aware of that the sharing of knowledge is often bound with the egos of people
7. Multiple channels for knowledge transfer	<ul style="list-style-type: none"> • Utilise various channels for the transfer of knowledge such as electronic communication and face to face meetings
8. Senior management support	<ul style="list-style-type: none"> • Support of senior management (communication of the importance of knowledge management, providing funds, defining the most important knowledge areas)

Adapted from Davenport et al. (1998, pp. 50-56)

Though Davenport et al. (1998) did not specifically research ITO projects, the success factors in Table 2-8 reveals some of the knowledge transfer challenges in ITO switching projects. For example, (1.) usually money cannot be earned or saved for incumbent providers if they fully support the knowledge transfer to the new provider without any negotiations. However, the incumbent provider can potentially earn money if it initially blocks the knowledge transfer, to have a better negotiation position, to let the client or new provider pay for the knowledge transfer. Another example is that the culture in ITO provider changing situations cannot be anticipated as (4.) a "knowledge-friendly culture". It can be expected that there are various reasons why employees of the incumbent provider do not want to share their knowledge due to missing reciprocity (see section 2.5.4), mistrust (see section 2.5.5), and potential intellectual property issues (see section 2.5.6).

2.5.2 Tacit and explicit knowledge

There are various definitions of what knowledge is. For example Edmund Gettier (1963) concluded in his seminal paper "Is Justified True Belief knowledge?" that knowledge is not "justified true belief" as originally proclaimed by Plato. Although Gettier (1963) discussed knowledge in his philosophical paper in a fascinating way - it lacks a clear definition of what Gettier (1963) considers as knowledge.

People obviously know more than they are able to describe. Or as Polanyi (1967) has put it "we can know more than we can tell". Despite various definitions of what constitutes knowledge, most authors agreed that tacit knowledge is a critical part of knowledge (Argote & Ingram, 2000; R. M. Grant, 1996b; Kogut & Zander, 1992). Tacit knowledge is difficult to capture (Argote & Ingram, 2000), to codify (Kogut & Zander, 1992), to articulate (Dalkir, 2013), and to transfer (R. M. Grant, 1996b). While most authors agree that tacit knowledge can be found in the head of human beings (Argote & Ingram, 2000; Dalkir, 2013; Davenport et al., 1998), others highlighted that tacit knowledge can also exist in networks, or organisations (Empson, 2001; Khamseh & Jolly, 2008; Reagans & McEvily, 2003; Sahay, Nicholson, & Krishna, 2003). Tacit knowledge is gained through experience (Blumenberg et al., 2009, p. 348; R. M. Grant, 1996b). In contrast to tacit knowledge, explicit knowledge can be apprehended in tangible form (Dalkir, 2013) and can be stored for example in documents, in databases (Davenport et al., 1998), in contracts, or can be integrated into products (Khamseh & Jolly, 2008, p. 40). Tacit knowledge cannot be easily utilised (R. M. Grant, 1996b, p. 111), transferred (Alaranta & Jarvenpaa, 2010), or reproduced (Kogut & Zander, 1992). This discussion about tacit and explicit knowledge is especially relevant to the switching of ITO providers since it gives a first cue that tacit knowledge is difficult to transfer. This will be discussed in more detail in the following section.

2.5.3 Knowledge management and transfer

Knowledge management can be defined as the process of capturing, valuing, codifying, storing, and transferring knowledge (Dalkir, 2013). Activities, which have the objective to transfer or disseminate tacit or explicit knowledge (Khamseh & Jolly, 2008, p. 40) between persons, groups, or organisations, can be defined as knowledge transfer (Lee, 2001, p. 324). The consequences of ineffective knowledge transfer, in ITO switching deals, can be degraded services levels, interrupted service, and dissatisfied client and

new provider employees (Alaranta & Jarvenpaa, 2010, p. 1). "Knowledge transfer represents a cost to the source of knowledge, in terms of time and effort spent helping others to understand the source's knowledge" (Reagans & McEvily, 2003, p. 242). This is especially relevant in provider switching situations, where there is the risk that employees of the incumbent provider gains nothing from the knowledge transfer (see section 2.5.4). The more complex the knowledge the more time and effort will be required to transfer the knowledge and the higher the likelihood that the transfer is not successful (Reagans & McEvily, 2003, p. 242). In large and complex ITO switching deals, which is the focus of this thesis, it can be anticipated that much of the knowledge is highly complex. This means that all parties should calculate sufficient time for the transfer. However, not much is known how much time should be scheduled for the knowledge transfer (see section 2.4.4).

Transfer of knowledge cannot be simply viewed as a detached action by a sender, or a "source" as Reagans and McEvily (2003) called it. The receiver of knowledge has also an important part in the knowledge transfer equation since the level of the receiver's absorptive capacity plays a major role in the success of the knowledge transfer. The term absorptive capacity was first used by W. M. Cohen and Levinthal (1990) who defined it as:

The ability to evaluate and utilize outside knowledge is largely a function of the level of prior related knowledge. At the most elemental level, this prior knowledge included basic skill or even a shared language but may also include knowledge of the most recent scientific or technological developments in a given field. Thus, prior related knowledge confers an ability to recognize the value of new information, assimilate it, and apply it to commercial ends (p. 128).

Other authors have used the term "knowledge integration" to describe the absorption of knowledge (Ahuja, Sinclair, & Sarker, 2011, p. 4; R. M. Grant, 1996a). The better the absorptive capacity of the knowledge receiving organisation is to "...acquire, absorb, and utilize knowledge" (Park, Im, & Kim, 2011, p. 54), the more successful the transferred knowledge will be integrated (Khamseh & Jolly, 2008, p. 38). Knowledge can be better absorbed if background and training of knowledge source and knowledge receiver are comparable (Reagans & McEvily, 2003, p. 243). R. M. Grant (1996a) concluded on the critical importance of knowledge integration:

If knowledge is a critical input into all production processes, if efficiency requires that it is created and stored by individuals in specialized form, and if production requires the application of many types of specialized knowledge, then the primary role of the firm is the integration of knowledge (p. 377).

There is no research which analysed or discussed how the new provider can effectively and efficiently integrate the transferred knowledge. However, advice on this is highly relevant since it is an important component of knowledge transfer.

The transfer of tacit knowledge is more difficult than the transfer of explicit knowledge is (Empson, 2001; Reagans & McEvily, 2003). Explicit knowledge can be easily integrated due to "its inherent communicability" (R. M. Grant, 1996a, p. 379). So does this mean that clients who want to switch their ITO providers just need to ensure that tacit knowledge is transformed into explicit knowledge, and then it can be easily transferred, and absorbed? R. M. Grant (1996a, p. 379) warned that due to the characteristics of tacit knowledge it cannot be transformed into explicit knowledge without considerable loss of knowledge. Simonin (1999, p. 614) found that if it is not possible to make tacit knowledge explicit then "...learning from experience and learning by doing in the presence of a knowledgeable partner..." is necessary. Knowledge transition can be extremely difficult if a major part of production-relevant knowledge is tacit (R. M. Grant, 1996b, p. 114). Before tacit knowledge can be transferred the "human container" where the knowledge resides needs to be identified, even before knowledge transition methods are chosen (E. Grant & Gregory, 1997, p. 158). In provider switching situations, it is not sufficient to identify the "human container", but the "human container" must be willing to share the knowledge, as previously discussed. This is confirmed by Alaranta and Jarvenpaa (2010) who found that the outgoing provider is often needed to develop joint knowledge together with the new provider to ensure that all parties meet their responsibilities. However, Alaranta and Jarvenpaa (2010), did not discuss reciprocity (see section 2.5.4), trust (see section 2.5.5), or give advice on handling an unsupportive incumbent provider (see section 2.4.8.).

2.5.4 Reciprocity

Both parties of the knowledge transfer, the sender and the receiver expect to gain benefit from the transfer (Lin, Geng, & Whinston, 2008, p. 199). The transfer of knowledge between two parties can be seen as a form of social exchange. Social exchange demands for the maximization of gains and the minimization of costs (Park et al., 2011, p. 54). Blau (1964) concluded in his book about social exchange that: "Reciprocity is an equilibrating force, the assumption being that every social action is balanced by some appropriate counteraction" (p. 336). It can be expected that this assumption holds true for outsourcing endeavours where providers are switched. In a study about impediments to knowledge transfers in company mergers Empson (2001, pp. 857-858) found that people will resist knowledge transfer if there are perceived differences in reciprocity of what to gain from the knowledge transfer. Empson (2001, p. 858) called this the *fear of exploitation* and remarked that people who experience a very demanding situation, such as a merger, will not share their knowledge if they perceive that they do not receive something of similar value in return.

It is questionable what type of reciprocity people who transfer the knowledge from the incumbent provider to the new provider (or to the client) can expect and if any reciprocity can be expected at all. None of the studies have analysed this critical issue. But it can be expected that the people from the incumbent provider have also the fear of being exploited as found by Empson (2001, p. 858) for merger situations. It can be assumed that the fear of exploitation is even stronger in provider switching situations since when the key expert has successfully transferred the knowledge, then the expert is often not longer necessary. No studies have provided any insight how clients, or providers can cope with this dilemma.

2.5.5 Trust

Various authors (Davenport et al., 1998; Empson, 2001; Levin & Cross, 2004) concluded that trust is required for successfully transferring knowledge. The stronger the trust (Khamseh & Jolly, 2008, p. 44) or the stronger the ties between the source of knowledge and the receiver of knowledge the more effective knowledge can be transferred (Reagans & McEvily, 2003, p. 262). Tacit knowledge needs stronger ties to be successfully transferred than explicit, codified knowledge (Reagans & McEvily,

2003, p. 262). Park et al. (2011, p. 59) noted that the relationship between outsourcing customers and providers needs to be strengthened and a culture of trust needs to be established so that knowledge can be effectively transferred. Generally, this can be achieved by frequent contact between sources and receivers of knowledge (Khamseh & Jolly, 2008, p. 43). The challenge in provider switching situations is how trust can be build and how the effects of distrust can be minimised in a situation where: a) the customer has cancelled the contract with the incumbent provider. And b) employees of the incumbent provider are requested to transfer knowledge not only to competitors but also to people who will take their current jobs. Although there has been a great deal of interest in the topic of trust in ITO, no literature exists, which has researched trust in relation to switching ITO providers.

2.5.6 Intellectual property

One important dimension of knowledge is intellectual property. Intellectual property is knowledge which is protected by law (Teece, 2003, p. 58). Intellectual property is already a complex topic in first generation outsourcing deals (Parikh & Gokhale, 2006) and it becomes even more complex if the incumbent outsourcing provider is asked to transfer the intellectual property to its rival. In particular since IT outsourcing is based on sharing "business secrets" (Parikh & Gokhale, 2006, p. 148). The topic of intellectual property is especially relevant for ITO switching deals since the outgoing provider is often requested to transfer business critical knowledge to the new provider. Often both providers are competitors in the overall ITO market.

Companies depend on how critical knowledge assets can be protected (Teece, 2000, p. 35). To exemplify this, previous Hewlett Packard CEO, Lew Platt stated: "If only HP knew what HP knows, we would be three times more productive" (Springmann, 2010). Before knowledge transfer can start it needs to be clarified who the legitimate owner of the knowledge is. However, this can be difficult since the client and the outgoing provider can have different perceptions who the legitimate owner is. This is especially true for intellectual property where the owner rights are not unambiguously defined, either by law, or by contract. Examples for typical intellectual property issues are process documents, operational manuals, contents of knowledge databases, customised and self-developed applications. If it is not clarified in advance who owns the intellectual property than this "...results in ambiguity over the ownership of knowledge"

(R. M. Grant, 1996b). R. M. Grant (1996b, p. 119) warned that in contrast to other assets the ownership of "knowledge assets" is often not adequately specified. Moreover, often the ownership cannot be specified to a degree where later disputes would be impossible. Even when the customer has defined intellectual property ownership rights, there will always room for a legal interpretation. With the words of Kimball (2003), who is an attorney specialised in outsourcing: "...no legal language is airtight or bulletproof..." (p.5).

The old provider has usually no interest in transferring its intellectual property voluntarily. By not making the intellectual property available (e.g. software and methods) the old provider has the chance to prolong the transition to the new provider (Kimball, 2003, p. 6). Or the old provider can offer the intellectual property (e.g. a customized system) for an uneconomical price (Scott, 2009, p. 97), which can be so high that the business case for switching the provider cannot be realised. This can enormously complicate the transition to the new provider and can affect costs, duration, and quality of the transition. Although many authors (Kimball, 2003; Scott, 2009; Teece, 2000) recognised the difficulty of intellectual property at the end of ITO contracts, authors provide little practicable advice of how customers or new providers can deal with intellectual property issues when contracts with incumbent providers are not absolutely airtight.

2.5.7 Knowledge is context sensitive

Argote and Ingram (2000, pp. 156-157) pointed out, in their general research on knowledge transfer, that knowledge can be context sensitive and cannot always be transferred from one environment where it is integrated into another one without difficulties. They (Argote & Ingram, 2000, p. 158) found that when knowledge is transferred to another organisation it might be not as valuable since the other organisation has already knowledge networks in place which are not instantly compatible. The transferred knowledge needs to be compatible with the new context, or its needs to be amended to the new context, so that the knowledge transfer is successful. This is in line with the findings of Sahay et al. (2003, p. 240) who found, researching about IT software development outsourcing, that knowledge of job practices cannot be smoothly transferred since this type of knowledge is context specific. In regard of such findings, it would be interesting to see what this means for switching ITO providers

where knowledge needs to be transferred from one environment (incumbent provider) to another environment (new provider).

2.5.8 Knowledge asymmetries

There will be knowledge asymmetries when knowledge needs to be transferred from the outgoing ITO provider to the new ITO provider. Due to the long term relationship with the outsourcing client, there is often a knowledge asymmetry in favour for the outgoing provider. The incumbent provider will have more complete context sensitive knowledge than the new provider will, and the outsourcing customer itself will have. According to Lin et al. (2008) there are 4 types of information completeness when knowledge is transferred as shown in Figure 2-6. The four types are: "(I) symmetric complete information, (II) sender-advantage asymmetric information, (III) symmetric incomplete information, and (IV) receiver-advantage asymmetric information" (Lin et al., 2008, p. 200). Relating to switching ITO providers probably type III symmetric incomplete information and type II sender-advantage asymmetric information can mostly be found. Whereas type II sender-advantage asymmetric information will be the most prominent situation. The impact of this kind of information asymmetry is that neither the new provider, nor the customer can necessarily trust that the transferred knowledge by the old provider is complete, valid, and accurate.

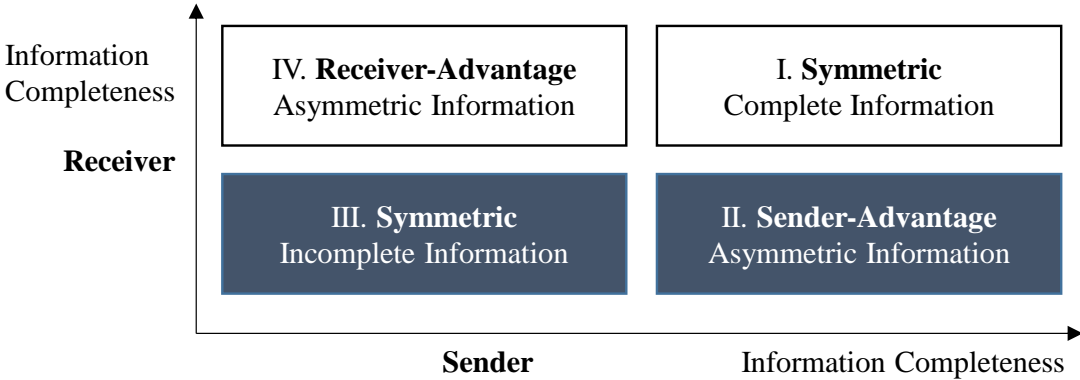


Figure 2-6 Information structures in knowledge transfers adapted from Lin et al. (2008, p. 201)

2.5.9 Knowledge transfer by transferring people

One way of transferring knowledge is to transfer the people who are the knowledge experts to the new provider. When knowledge experts transfer from the incumbent to the new provider then typical knowledge transfer barriers such as missing reciprocity

(see section 2.5.4) and missing trust (see section 2.5.5) can be successfully avoided. Teece (2003, p. 58) even argued that it is often impossible to successfully transfer tacit knowledge without the people. This is in line with the findings of Peterson, Prinsley, and Kalachman (2003) who claimed that the transfer of key resources from the old provider to the provider is critical for the success of "re-sourcing". However, neither Teece (2003) nor Peterson et al. (2003) provided guidance on what ITO clients or providers need to consider when knowledge resources should transition from the incumbent to the new provider. To find first guidance, a paper on initial ITO was reviewed, where Barthélemy and Adsit (2003) stated the following advice:

First, key employees must be retained and motivated. For most activities, outsourcing does not mean transferring all the employees to the vendor. When an activity has been performed in-house for a long period of time, firm-specific knowledge about how to run the activity smoothly has accumulated. Employees who possess this firm-specific knowledge must be identified (p. 91).

What does this mean for switching providers? Clients need to identify employees from the outgoing provider who possess important firm specific knowledge and try either to reintegrate them into the client company, or make sure that they move over to the new provider. Alternatively clients need to ensure adequate knowledge transfer (Alaranta & Jarvenpaa, 2010, p. 6). Blumenberg et al. (2009, p. 348) found that many outsourcing customers transfer their employees to the outsourcing provider when the ITO deal starts. They (Blumenberg et al., 2009, p. 348) found that the transferred employees then work in close cooperation with their former employer – the outsourcing customer. For ITO switching deals this cannot be simply replicated since most of the employees have already changed from the customer to the incumbent provider. These employees would then need to transfer from the incumbent provider to the new provider. However, Chua et al (2008, p. 9) suggested that it is likely that the leaving provider will block the transfer of personal to stay competitive. Therefore, the client should critical review if the contract with the leaving provider has any "no-hire" clauses (Peterson et al., 2003). The process of transferring key resources can be further complicated if these resources transfer too early to the new provider – since this could negatively affect the production capability of the outgoing provider. "Any transition of the key personnel should take place in a phased manner approved by the client. This is critical for ensuring stability and consistency in the management of the project" (Parikh & Gokhale, 2006, p. 146).

Although, Argote and Ingram (2000) suggested that tools can also be used to transfer knowledge and on a "large scale" and they claimed that tools provide the advantage that knowledge can be transferred more independent "...of the idiosyncrasies of individual members" (p. 159), the authors stay clear of giving practical advice how this can be done. It is disputable how tacit experiential knowledge can be transferred, solely with tools. Although many authors for example Peterson et al. (2003), Teece (2003), and Alaranta and Jarvenpaa (2010) recognised the importance of transferring knowledge by transferring people, no literature was found with explicit and practicable advice how key experts can be transferred in complex situations such as switching providers.

2.5.10 Conclusion

A review of the literature on knowledge transfer has indicated that knowledge transfer is a critical component when ITO providers are switched. There is much research on knowledge transfer in general. However, there are certain particularities for knowledge transfer in ITO switching deals, such as it cannot be anticipated that the incumbent provider willingly transfers its knowledge to a competitor. A successful knowledge transfer from the incumbent to the new provider appears to be particularly challenging. Various difficulties such as missing trust, missing reciprocity, intellectual property issues, and knowledge asymmetries in favour of the incumbent provider, can be expected. However, despite the critical importance of successfully switching ITO providers, there is only one dedicated study by Alaranta and Jarvenpaa (2010), which focused on knowledge transfer when ITO providers are switched. This single case study can be seen as a good starting point, although it only partly addressed the involved typical challenges and this study does not provide detailed practical advice.

Transferring knowledgeable experts from the incumbent provider to the new provider appears to be one effective way of transferring knowledge. However, this way of knowledge transfer is not without its own difficulties. The literature review has not revealed research advice on how key experts can successfully transfer in provider switching deals.

2.6 Multi-sourcing

It can be expected that for large ITO switching deals no big bang strategy will be conducted (see section 2.4.7) and this leads to a situation where multiple providers temporarily deliver ITO services for the ITO client. This situation will often last most of the transition phase.

If IT services are provided by multiple outsourcing providers then this sourcing solution is called multi-sourcing (Beulen & Tiwari, 2010; L. Cohen & Young, 2006; Herz, Hamel, Uebernickel, & Brenner, 2012; Rost, 2006). Other authors have called this sourcing strategy multi-vendor outsourcing (Gallivan & Oh, 1999; Grover, Cheon, & Teng, 1994; Pinnington & Woolcock, 1995). L. Cohen and Young (2006) defined multi-sourcing as: "The disciplined provisioning and blending of business and IT services from the optimal set of internal and external providers in the pursuit of business goals" (p. 19). According to Levina and Su (2008) multi-sourcing is the selection and combination of several providers for delivering IT services to achieve business goals. Statistical figures demonstrate that clients increasingly chose multi-sourcing strategies to mitigate the risk of relying on one single provider and to contract the best providers (Willcocks, Oshri, Kotlarsky, & Rottman, 2011, p. 706). Beulen and Tiwari (2010, p. 65) even argued that most of the second and third generation outsourcing deals conduct a multiple sourcing strategy.

Multi-sourcing can therefore be defined as: "The disciplined provisioning and blending of business and IT services from the optimal set of internal and external providers in the pursuit of business goals" (Gartner, 2013). Contrary to the purposeful selection of multiple providers, when ITO providers are switched, the temporary multi-sourcing situation is not the target model of operation. Multi-sourcing brings additional risks to single sourcing situations. There is the risk that the multiple outsourcing providers do not work jointly for the achievement of customer's objectives (Andrews, 2007) but follow own objectives. This risk is massively increased in provider switching situations where the old provider has often little benefit in supporting the new provider. However, for the client and for the new provider it is important that old provider, new provider, and customer collaborate during the temporary multi-sourcing situation, so that disruptions are reduced during transition. One way of achieving this is to contractually

agree the collaboration of all three parties before the temporary multi-sourcing. Paulo and Galvao (2012, pp. 264-265) observed:

For example, multi-supplier operating agreements should require suppliers to cooperate and collaborate on root cause analyses. This helps to ensure that a customer’s operations will not degrade as a result of disputes between two or more suppliers. Multi-supplier operating agreements should also establish a common set of terms under which the customer and its suppliers shall interact.

Management costs, time needed to govern multiple providers, and measurement effort are increased in multi-sourcing deals compared to single sourcing deals (Willcocks et al., 2011, p. 707). In their case study research on multi-sourcing Herz et al. (2012) found that the challenges of multi-sourcing need to be addressed on the strategic layer, the organisation layer, and on the system layer. These three layers are depicted in Table 2-9.

Table 2-9 Three layers to address the challenges of multi-sourcing

Strategic layer	Organisation layer	System layer
Develop a holistic IT multi-sourcing strategy	Implement an integrated multi-sourcing governance and performance management <ul style="list-style-type: none"> • Define operational level key performance indicators e.g. for incidents and defects • Define strategic level key performance indicators such as sourcing, and shoring ratios, and average daily rates for application development management 	Conduct effective data management which is: <ul style="list-style-type: none"> • Related to governance and performance management • Important for contracts and provider related data
Define metrics for provider performance management	Implement a central multi-sourcing authority which: <ul style="list-style-type: none"> • Internally, coordinates and bundles sourcing activities to ensure economies of scope • Externally, communicates with the providers to ensure alignment between them • Standardises processes • Defines and implements collaboration strategies 	Do not underestimate the sheer complexity of data from multiple providers and different functions with which the client needs to deal with
Define governance, performance metrics and disposal criteria before providers are selected	Conduct operational adjustments on client and provider site <ul style="list-style-type: none"> • Establish processes and methods to support collaboration with multiple providers 	Ensure data privacy
Conduct a step-by-step process to implement multi-sourcing		
Conduct effective and pro-active change management		

Adapted from Herz et al. (2012)

Although, the case study by Herz et al. (2012) has not specifically researched ITO provider switching deals, with the support of Table 2-9 certain challenges in ITO

switching deals, can be identified. For example, the suggested tasks appear to be highly resource and cost intensive. It is not known if clients who switch ITO providers have considered these added costs and additional efforts. Moreover, it is unknown if retained organisation are well prepared to handle this additional workload in managing multiple providers.

L. Cohen and Young (2006, p. 14) identified multi-sourcing governance as the most important factor of success in multi-sourcing environments. The authors concluded that without effective multi-sourcing governance the complete outsourcing endeavour will fail (L. Cohen & Young, 2006, p. 14). Herz, Hamel, Uebernickel, and Brenner (2011) devoted a whole research paper on multi-sourcing governance. They (Herz et al., 2011) proposed the following four governance types which need to be considered: Contracts, structures (e.g. "IT steering committee", "multisourcing project committee"), processes (e.g. "performance management", "multisourcing control and reporting"), and relational mechanism (e.g. "knowledge management", "informal supplier meetings") (Herz et al., 2011).

2.6.1 Conclusion

The literature on multi-sourcing was reviewed since when outsourcing clients switch the ITO provider then there will be a temporary multi-sourcing situation. There is no literature, which specifically researched multi-sourcing in provider switching situations. Therefore, the general literature on multi-sourcing was reviewed. The literature review has revealed that managing temporary multi-sourcing is highly complex and is both cost and resource intensive.

2.7 Project management

The objectives of project management are to implement a project within quality, budget and time (Chakrabarty, Whitten, & Green, 2008, p. 10). Project planning, implementing and controlling are necessary capabilities for an effective project management (Chakrabarty et al., 2008). Realistic time schedules based on effective project planning are critical for a successful transition. "Unrealistic transition timetables are a frequent source of trouble. Both buyers [ITO clients] and providers should look with a sceptical eye at the viability of their transition timeframes." (M. Robinson & Iannone, 2007, p.

4). Chakrabarty et al. (2008) indicated that unprofessional project management "can lead to poor perception of service quality" (p. 11). There are many reasons why providers could propose a programme or project plan for the transition, where the overall transition implementation goal is too short. One reason can be that if the provider would deliver a realistic project plan during the request for proposal phase (RfP), there might be the risk that the provider would not win the RfP phase when competitors propose a much shorter project plan. Another reason can be that the provider has underestimated the complexity of the outsourcing deal, especially if this is an ITO switching project. A further reason can be that the customer itself has underestimated the complexity of its services and the high degree of non-standard services, which needs to be implemented by the provider. There is an additional risk of underestimating complexity if providers need to be switched – since often outsourcings client have lost the expertise since the client has outsourced most of the experts to the provider.

Lacity et al. (2009) pointed out that: "Any organization that explores a new sourcing option in term of suppliers, new services, or new engagement models... must plan on false starts. Executives often manage learning by pilot testing new sourcing options." (p. 135). Although this can be a good method of learning and getting the experience for some sourcing options – it is not easy to pilot test switching ITO providers in practice. The detailed transition project plan should reflect the overall transition strategy and lay out how employees and assets are transferred (Halvey & Melby, 2007, p. 138). The governance structure should define project roles and responsibilities such as the project joint steering committee (Beulen & Tiwari, 2010, p. 64). Sia Siew et al. (2010, p. 32) emphasised the importance of sufficient resources from the client to manage the transition and materializing risks. Lacity and Rottman (2008, p. 100) found that the most effective outsourcing customer organisations implemented project management offices (PMO), which supported project managers. Additionally, Lacity and Rottman (2008, p. 100) found that most of the PMOs they have researched were under-resourced with the effect that project managers needed to perform PMO tasks.

2.7.1 Conclusion

The review on project management has revealed that no literature exists, which researched project management in the context of switching ITO providers. Therefore, the general literature on ITO project management was reviewed. It can be concluded

that project management capabilities are required to manage such complex projects as switching ITO providers. However, due to the discussed complexities and unknown variables such as a potential hostile provider, temporary multi-sourcing, the discussed challenges related to knowledge transfer, and the calculation of switching costs, it is not yet clear, which particularities need to be considered, so that ITO clients and providers manage the project successfully within budget, quality, and time.

2.8 Knowledge gaps and resulting research questions and objectives

The switching of ITO providers is a complex, risky, and resource intensive endeavour with the transition as a central phase. The literature research has discovered that the majority of failed ITO deals can be traced back to poorly performed transitions (Beulen & Tiwari, 2010). Moreover, it was found that when transitions are badly performed, then they can be so costly that the complete profit for the ITO provider could be eradicated and the business continuity of the ITO client can be endangered. Extensive literature reviews (Olzmann & Wynn, 2011, 2012) have revealed that despite a growing interest in topics such as sourcing the IT back or switching providers (Whitten et al., 2010; Whitten & Leidner, 2006) no studies have holistically focused on how successful ITO transitions can be performed for provider switching clients. Most research has focused on initial outsourcing (Alaranta & Jarvenpaa, 2010; Chou & Chou, 2009; Chua et al., 2008; Whitten, 2010). Therefore, not much is known about factors, which contribute to the success of switching ITO providers. The following ITO researchers exemplified this finding:

1. "While many outsourcing contracts are expiring, and vendor transition is becoming an increasing concern, little research helps organizations manage vendor transition.... Almost all of the substantial research on outsourcing explores the client's interaction with the initial vendor.... Vendor transition is therefore complex and poses very real problems. However, to our knowledge, no work has suggested strategies that managers should employ during the process of transitioning from one vendor to another" (Chua et al., 2008, pp. 19-20).
2. "However, all of this extant literature focuses on the decision to switch a vendor or include a new vendor in the supplier portfolio rather than manage

the change-over. The implication is that the outsourcing literature provides little insight about managing the switching process from a long-lived prior vendor relationship to a new vendor relationship" (Alaranta & Jarvenpaa, 2010, pp. 2-3).

3. "Relatively little work has focused on the area of switching vendors and bringing previously outsourced activities back in-house (backsourcing) (Lacity and Willcocks, 2000). Even less has been done specifically in the context of planning for the possibility of either of these two events" (Whitten, 2010, p. 202).

2.8.1 Research questions and research objectives

It was established that the switching of ITO providers is a highly relevant research topic. Following the identified gaps in the literature, the subsequent research questions were the basis for the research of this doctoral thesis. The main research question are:

RQ1: When IT outsourcing (ITO) providers are switched – what factors contribute to a successful transition? This question addresses the issues highlighted by Alaranta and Jarvenpaa (2010) who stated that there is no literature which provides insight to the switching of ITO providers. To close this gap RO1 is defined as follows: To establish the main factors which contribute to the successful switching of IT outsourcing providers.

RQ2: How can these factors be best classified and prioritised to provide operational guidance to practitioners? This builds upon discussion initiated by Chua et al. (2008), Alaranta and Jarvenpaa (2010), and Whitten (2010). The *initial analysis* of the literature suggests some categories of success that may provide a useful provisional classification of success factors. These are:

- Manage project
- Manage knowledge transfer
- Manage key experts transfer
- Adapt ITO client governance
- Ensure sufficient resources
- Ensure top management support

- Manage escalations
- Enable trust

These factors will be discussed in more detail in the following chapter (see chapter 3). The literature review suggested that transition is the critical phase for switching from the incumbent ITO provider to the new ITO provider. Therefore, the scope of this research is on the transition phase. To address this RO2 is defined as follows: To analyse and classify these factors and to provide operational guidance for the ITO client.

RQ3: What conceptual model or framework can be developed for the switching of ITO providers? This addresses a key gap in the existing literature. Chua et al. (2008) and Alaranta and Jarvenpaa (2010) have suggested that a model which would support managers to accomplish the switching of ITO providers would be helpful. Although, it became apparent that a conceptual or operational framework is required, no holistic framework for switching ITO providers was found. To close this gap RO3 is: To develop a conceptual and operational framework for switching ITO providers with the specific focus on transition. The conceptual framework will be developed for the ITO client perspective.

2.9 Conclusion

In chapter two, the literature relevant to the research objectives was critically reviewed. The review has revealed that no studies researched the main factors, which contribute to the successful switching of ITO providers. Furthermore, it was discovered that neither a conceptual framework for the switching of ITO providers, nor holistic operational guidance for practitioners, exist. These identified gaps in knowledge have led to the research questions and research objectives. Through the review of the literature the necessity for researching the transition phase, when providers are switched, was established.

3 PROVISIONAL CONCEPTUAL FRAMEWORK

3.1 Introduction

Following the *initial analysis* of the existing literature, a provisional conceptual framework, depicted in Figure 3-1, has been developed to guide further research. The provisional conceptual framework was used for four purposes. First, initial factors contributing to ITO switching success, based on the literature review, were identified and are to be discussed. This partly addressed RQ1. Second, from the provisional conceptual framework, initial research sub-questions were developed, which guided the semi-structured interviewing (see section 4.5.4), and provided the basis for the development of slightly modified research sub-questions used in the final analysis. It is called *initial analysis* of the literature, since this researcher has finalised the literature review after the data gathering and the data analysis procedure were finally completed (see Figure 4-3). Third, the provisional conceptual framework provided an initial classification (Corbin & Strauss, 2008, p. 40) of factors, which contribute to the successful switching of ITO providers. This partly addressed RQ2. Fourth, the provisional conceptual framework enhanced the theoretical sensitivity of this research that allowed the discovery of "subtle nuances" in the interview data (Corbin & Strauss, 2008, pp. 36-37). The framework shown in Figure 3-1 is considered to be provisional, since it was on the one hand developed for the four described purposes, and on the other hand, this research finally culminated in a conceptual framework for the switching of ITO providers (see section Figure 6-2).

3.2 Provisional conceptual framework

IT outsourcing lifecycle

The literature review revealed that ITO could be seen as a lifecycle consisting of six major phases, which are: 1. Investigate and prepare, 2. select provider, 3. negotiate contract, 4. conduct transition, 5. manage IT service provision, 6. evaluate options), and cancel or renew contract. At the end of the ITO lifecycle there are four potential options for ITO clients how to proceed at the end of the contract. These four options are: (1) switch the ITO provider, (2) source the IT back in-house, (3) launch new IT organisation or IT company, and (4) continue with the incumbent provider. The first three phases can be considered as a pre-delivery building block, the next two can be considered as a

delivery building block, and the last activity can be considered as a re-evaluation building block. If the ITO client has decided to switch ITO providers, then a transition needs to be conducted. Transition is a highly complex, resource intense, and risky phase with the objective that IT services are successfully implemented and delivered by the new ITO provider and the ITO client, as contractually agreed. At the end of the transition, the new provider is enabled to provide IT services as contractually agreed. Then the incumbent provider is no longer required for providing IT services. Based on the *initial analysis* of the literature the provisional conceptual framework, depicted in Figure 3-1, was developed.

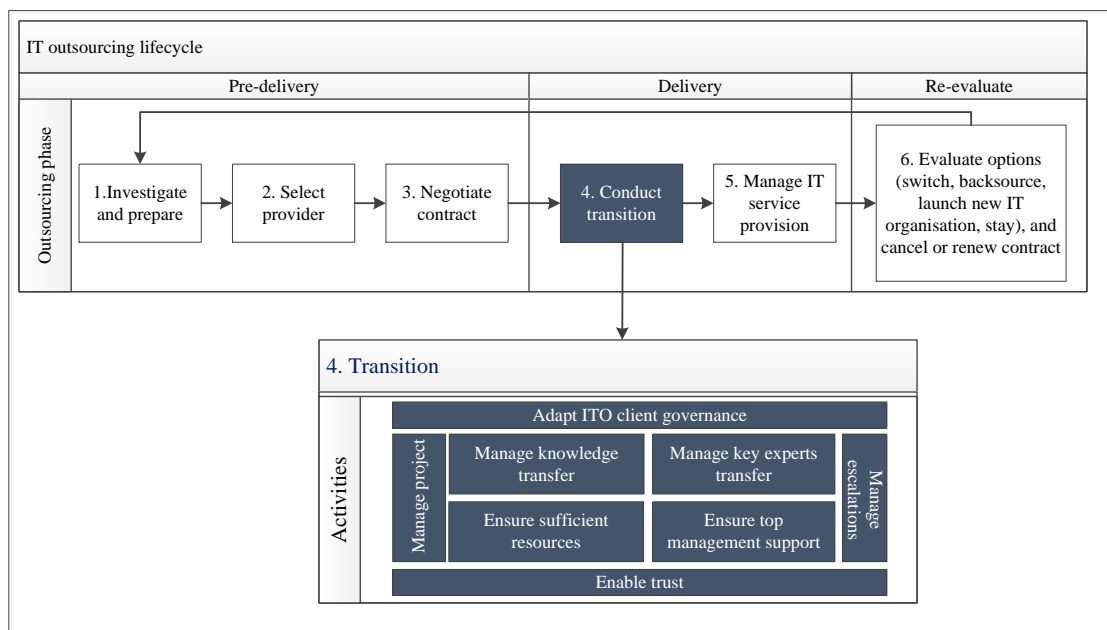


Figure 3-1 Provisional conceptual framework (developed for this thesis)

The provisional factors, which contribute to a successful switching of ITO providers during transition, are described as follows:

Manage project

Complex projects such as switching ITO providers need to be managed professionally so that the project can be implemented within budget, quality, and time. ITO provider switching projects are characterised by a high degree of complexity not only due to the dependencies between the client, the incumbent, and the new provider. But also due to particularly demanding activities such as managing the knowledge transfer from the incumbent provider to the new provider or the transfer of identified key experts. A

professional project management ensures that the defined transition objectives are achieved and that the new provider can deliver IT services as contractually agreed.

Manage knowledge transfer

An effective knowledge transfer from the incumbent provider to new provider is a prerequisite for a successful transition. Without successfully transferring knowledge the new provider will not be able to provide complex IT services, within a reasonable timeframe, for the new ITO client. Knowledge transfer in ITO provider switching projects can be considerably more difficult than typical knowledge transfer projects. There are various reasons for this, such as missing trust and low motivation of incumbent provider employees to share their knowledge with a competitor.

Manage key experts transfer

Transferring key experts from the incumbent to the new provider appears to be a highly effective knowledge transfer strategy. For successfully transferring key experts, they need to be identified and transferred at the right time. There is the risk that the incumbent provider transfers key resources to other accounts, before they can be identified and necessary steps are taken to initiate the transfer, either by the client or by the new provider. Another risk is that the incumbent provider blocks the transfer by so-called no-hire clauses. These risks need to be adequately addressed and managed.

Adapt ITO client governance

The governance structure of the ITO client needs to be adapted, so that the new provider can be managed according to the new contract. However, for the transitional period, both providers need to be managed with this governance structure. This brings additional challenges for the retained client organisation in terms of staff utilisation and the inherent complexity of managing two providers at the same time. Contract management, commercial management, and service level management are essential parts of the governance.

Ensure sufficient resources

It can be anticipated that the retained IT client organisation is optimised to manage one ITO provider. The transition to another IT outsourcing provider brings several challenges, which requires sufficient staff resources. Examples are the management of the transition project, the management of two providers for a transitional period, and

the management of escalations between all three parties. Therefore, the ITO client needs to ensure that sufficient resources in terms of manpower and experience are available.

Ensure top management support

Top management support is needed for large and complex ITO switching projects, since ITO switching projects are highly complex, resource intensive, costly, have a long duration, and have the potential of serious business disruption if the transition is either partly successful or not successful at all. Top management needs to be regularly informed and involved by the transition project management. Top management needs regular updates transition progress and transition risks. There will be situations where top management's decisions will be required by the transition project.

Enable trust

Trust appears to be a central key factor for a successful ITO provider switching transition. For example, trust appears to be important for critical activities such as knowledge transfer and transfer of key experts. However, the incumbent provider can judge the contract termination with the incumbent provider and the contracting of a new provider, who is also a competitor, as a breach of trust. If trust between the incumbent provider and the ITO client is permanently lost, then the likelihood that the incumbent provider is either unsupportive or even hostile will increase. A trustful relationship between the new provider and the incumbent provider would ease many activities between the two providers. Therefore, the challenge for the ITO client and the incumbent provider is to create a culture where it is possible that a trustful relationship can develop between all three parties.

Manage escalations

When ITO providers are switched, then there is potential for various reasons for escalations, such as:

- The incumbent and/or the new provider does/do not deliver IT services as contractually agreed and requirement
- Knowledge will not be transferred as required
- The incumbent provider conducts an unsupportive or hostile strategy
- Resources are not available as needed

Escalations need to be managed by the ITO client, so that necessary decisions are made and actions are taken, so that the transition can be successfully completed.

3.3 Conclusion

Based on the *initial analysis* of the literature a provisional conceptual framework for switching ITO providers was developed. This provisional framework was used for the following four purposes. 1. Initial factors contributing to ITO switching success were identified and discussed. This partly addresses RQ1. 2. The provisional conceptual framework was the foundation for the development of the initial research sub-questions (see section 4.5.4). 3. It provided an initial classification of factors contributing to ITO switching success. This partly addresses RQ2. 4. The provisional conceptual framework enhanced this researcher's theoretical sensitivity for the research. The factors contributing to ITO switching success have been classified into: Manage project, manage knowledge transfer, manage key experts transfer, adapt ITO client governance, ensure sufficient resources, ensure top management support, enable trust, and manage escalations.

4 RESEARCH METHODOLOGY

4.1 Introduction

This chapter presents the research design, specifically the research paradigm and the research methodology. The chosen research methodology, addresses the research questions and the research objectives, which have been discussed in chapter 1. In this chapter, alternative research philosophies and methodologies are also summarised and justifications are given for the chosen research philosophy and methodology.

4.2 Research design

Figure 4-1 provides an overview of the research design choices for this research. In this figure, the text in red represents the choices for this research. As an example, action research and case study are briefly described and it has reasons are given for not using them for this thesis.

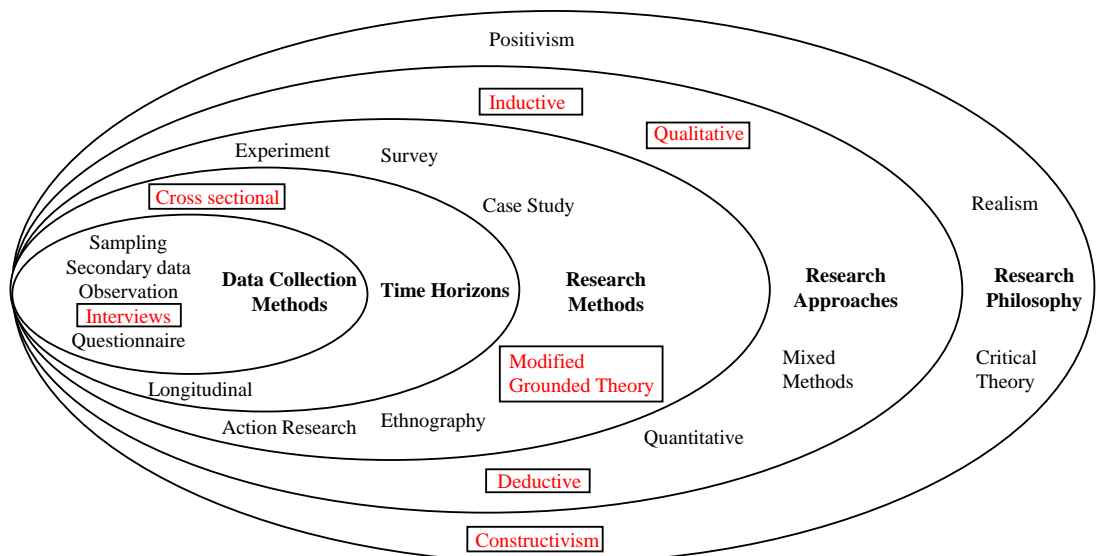


Figure 4-1 Research design choices, adapted from Saunders, Lewis, and Thornhill (2009, p. 138)

The overall research design for this research is depicted in Figure 4-2. Solid lines demonstrates direct/strong influence between the research elements. Whereas dotted lines demonstrate indirect/weak influence between the research elements.

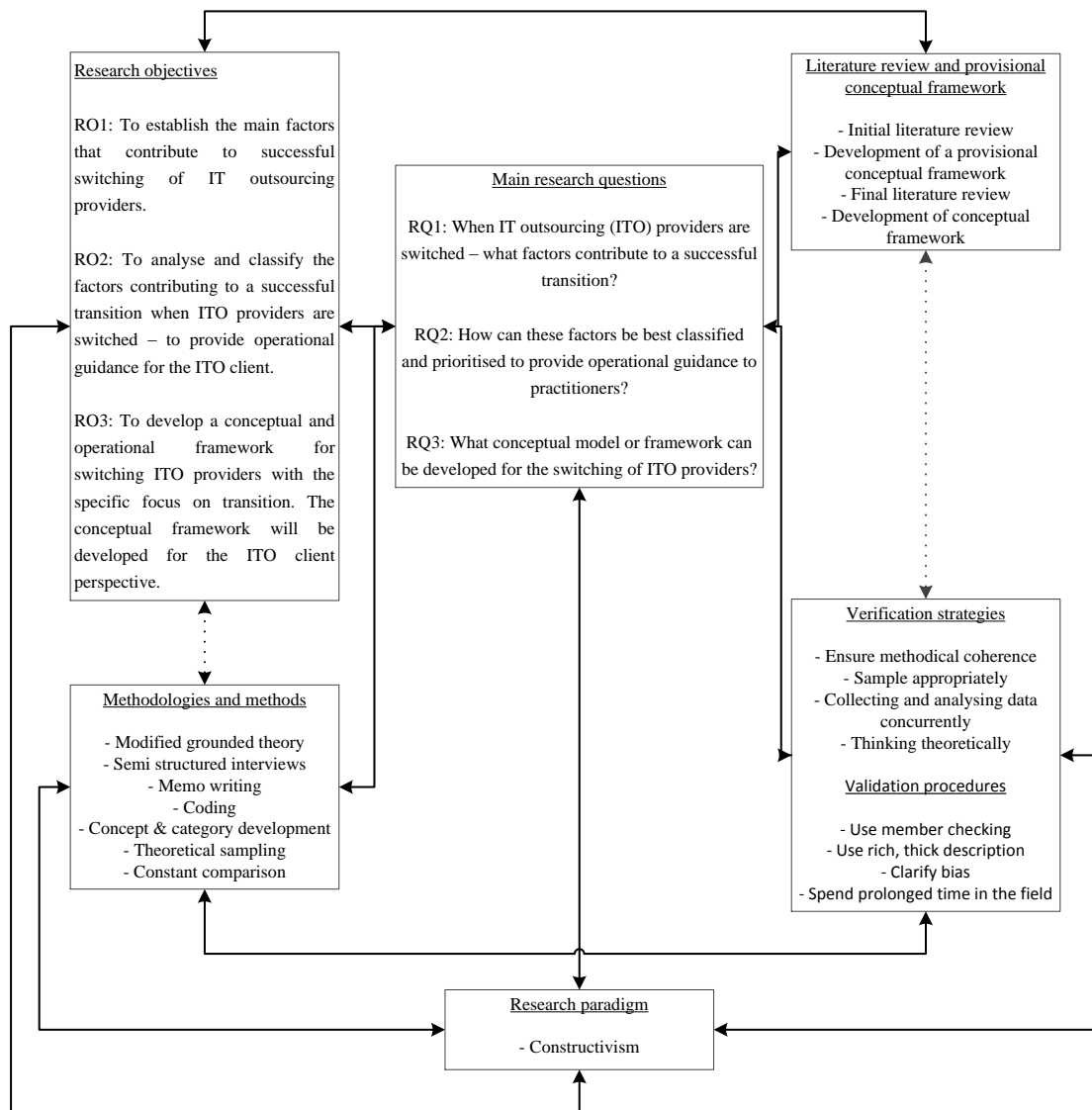


Figure 4-2 Research design (developed for this thesis)

4.3 Research paradigm

A fundamental decision is the research paradigm choice for the research (Maxwell, 2005, p. 36). The term paradigm was introduced by Thomas Kuhn's significant book "The Structure of Scientific Revolutions" (Kuhn, 1962) to describe a basic set of scientific assumptions which researchers share. Guba and Lincoln (1994) defined paradigm as "a set of *basic beliefs* (or metaphysics) that deals with ultimates or first principles" (p.107). Others choose the term worldview (Creswell, 2009, p. 6), or research philosophy instead of research paradigm (Saunders et al., 2009, p. 107). Paradigms can be based on the tripartite linkage of ontological, epistemological and methodical questions (Morgan, 2007) which are shown in Table 4-1.

Table 4-1 Ontological, epistemological, and methodical questions

Ontological question	Epistemological question	Methodical question
"What is the form and nature of reality and, therefore, what is there that can be known about it"	"What is the nature of the relationship between the knower or would-be knower and what can be known"	"How can the inquirer (would-be knower) go about finding out whatever he or she believes can be known"

Adapted from Guba and Lincoln (1994, p. 108)

Various researchers have defined different paradigms. For example Creswell (2009, p. 6) discussed postpositivism, constructivism, advocacy/participatory, and pragmatism as different worldviews. Perry, Riege and Brown (1999) also defined 4 research paradigms which are: Positivism, realism, critical theory, and constructivism. Table 4-2 shows the main distinguishing elements of the four paradigms by Perry et al. (1999).

Table 4-2 Basic belief systems of alternative inquiry paradigms

	Paradigm			
Item	Positivism	Realism	Critical theory	Constructivism
Ontology	Naïve realism: Reality is real and apprehensible	Critical realism: Reality is "real" but only imperfectly and probabilistically apprehensible and so triangulation from many sources is required to try to know it	Historical realism: 'Virtual' reality shaped by social, economic, ethnic, political, cultural, and gender values, crystallised over time	Critical relativism: Multiple local and specific 'constructed' realities
Epistemology	Objectivist: Findings true	Modified objectivist: Findings probably true	Subjectivist: Value mediated findings	Subjectivist: Created findings
Methodology	Experiments/ surveys: Verification of hypothesis: Chiefly quantitative methods	Case studies/convergent interviewing: Triangulation, interpretation of research issues by qualitative and quantitative methods such as structural equation modelling	Dialogic/ dialectical: Researcher is a transformative intellectual' who changes the social world within which participants live	Hermeneutical/ dialectical: Researcher is a 'passionate participant' within the world being investigated

Perry et al. (1999, p. 17) based on Guba and Lincoln (1994)

4.3.1 Constructivism

This research was performed within the constructivism paradigm. Creswell (2012) defined the characteristics of the social constructivist paradigm as follows:

In this interpretative framework, qualitative researchers seek understanding of the world in which they live and work. They develop subjective meaning of their experiences – meanings directed toward certain objects and things. These meanings are varied and multiple, leading the researcher to look for complexity of views rather than narrow the meaning into a few categories or ideas. The goal of this research, then, is to rely as much as possible on the participants' views of the situation (p. 301).

Within the constructivism paradigm it is assumed that it is not possible to observe the real world (Guba & Lincoln, 1994, p. 110) but "our understanding of this world is inevitably our construction, rather than a purely objective perception of reality, and no such construction can claim the absolute truth" (Maxwell, 2012). Constructivists are open to new views of the world (Guba & Lincoln, 1994, p. 113) and this is reflected in their comprehensive open-ended questions (Creswell, 2009, p. 8). This is in line with the approach of this research, which used semi structured questions. According to Creswell (2009, p. 8) constructivists assume that people want to understand the world they are part of. This researcher wanted to understand how the interview partners view the world regarding ITO provider switching success factors. It was part of the research design for this thesis to get involved with the world and to make sense of it, therefore a constructivist paradigm was well suited (Crotty, 1998, p. 7). This research did not start with a theory (Creswell, 2009, p. 8) instead findings were created during the research endeavour (Guba & Lincoln, 1994, p. 111). This approach is well aligned with a constructivist stance to research. This contextualised research was conducted within a constructivist paradigm as it was assumed that a pluralistic and interpretative "perspective toward reality" (Creswell & Miller, 2000, pp. 125-126) will benefit the research topic most.

However, not all researchers agreed that constructivism is an adequate paradigm for business research. For example Hunt (1991) warned that the constructivist approach is rarely suitable for business research as it excludes the technological and economic

aspects of businesses. Time has moved on and the views how research paradigms can successfully applied have shifted since Hunt's warning in 1991. This is demonstrated by the paper "strategic management and the philosophy of science: the case for a constructivist methodology" which appeared in the *Strategic Management Journal*". The authors suggested "...that constructivism has the potential to inform research in strategic management" (Mir & Watson, 2000, p. 941). Researchers have successfully applied the constructivist paradigm in information technology (Ellis, 2006) and in IT outsourcing (Stafford, Gillenson, & Richardson, 2007).

4.3.2 Alternative research paradigms

In the subsequent paragraphs, three alternative research paradigms are briefly discussed and reasons are provided for not using these paradigms for this research.

4.3.2.1 Positivism

Researchers who conduct inquiry within the positivistic paradigm assume that there is an objective reality which is ascertainable (Guba & Lincoln, 1994, p. 111), and quantifiable (Kvale, 1996, p. 11). Another assumption is that research can and need to be conducted in an objective way (Bryman & Bell, 2007, p. 16) and free of values (Guba & Lincoln, 1994, p. 114). This means that what is not objectively ascertainable cannot be considered scientific (Bryman & Bell, 2007, p. 17). Researchers in a positivistic paradigm have the role of experts (Guba & Lincoln, 1994, p. 113), and are detached from the object of research, and the "...voice is that of the 'disinterested scientist'..." (Guba & Lincoln, 1994, p. 115). Since only quantitative research is accepted within the positivist paradigm (Guba & Lincoln, 1994, p. 114) and the research questions of this research cannot be answered in a quantitative way - therefore the positivist paradigm is not adequate.

4.3.2.2 Realism

Realists believe that it is only possible to get an approximation of the real world (Guba, 1990, p. 21) and that finding truth is impossible (Hunt, 1992, p. 93). The world exists independently of the person who perceives it (Sobh & Perry, 2006, p. 1199). For realists there is only one reality, which needs to be triangulated to be more fully perceived

(Healy & Perry, 2000; Perry et al., 1999). For a realist the truth is "out there" but the researcher never knows if it has been discovered (Guba, 1990, p. 21). This is in contrast to the view of constructivists and critical theorists who believe that there are multiple realities (Healy & Perry, 2000, p. 18).

4.3.2.3 Critical theory

According to Perry et al. (1999) the objectives of researchers who conduct research from a critical theory paradigm are to critically assess and convert "...social, political, cultural, economic, ethnic and gender value" (p.17). Reality can only be perceived through a value lens and this value lens impacts research findings therefore research is a "*political act*" (Guba, 1990, pp. 23-24). Through the interchange of arguments people get more informed and misunderstandings and ignorance decrease (Guba & Lincoln, 1994, p. 113). For example critical theory researchers conduct inquiry regarding feminism, neo-Marxism, and participatory-inquiry (Guba, 1990, p. 23). This research aims not to transform (Guba & Lincoln, 1994, p. 114) the switching of ITO providers but foremost to understand the factors which are related to the success of this endeavour. And since this research is neither a "long-term ethnographic" study, nor a study of history (Perry et al., 1999, p. 17) this paradigm has been considered as not adequate.

4.4 Justification of research methodology

In this section, first, justifications are provided for using a modified version of grounded theory. Then, reasons are given for using a qualitative approach to research. Next, the time horizon is discussed, and finally alternative research approaches are briefly evaluated.

4.4.1 Modified grounded theory

To enhance "rigor and sophistication" Creswell (2007, p. 45) suggested that research should be conducted within a well-known strategy of inquiry such as grounded theory, narrative, phenomenology, ethnography, or case study. Creswell (2007) added that the approach does not need to "be pure" (p.45) but the approach needs to be coherent and the methods need to be aligned (Maxwell, 2005, p. 102). In this research the grounded theory approach by Corbin and Strauss (2008) to data analysis has been used in a

modified form. A modified version of grounded theory is used since it provides a structured and coherent methodology yet it leaves sufficient flexibility for conducting research. This is aligned with the advice by Strauss and Corbin (1998) who requested that the methodology should not be “dogmatically” applied but should be “...used creatively and flexible...” (p.14). Although grounded theory has its roots in sociology (Goulding, 2005, p. 295) it has been successfully applied for business research (Fendt & Sachs, 2008; Goulding, 2002, 2005; Locke, 2001) and for ITO research (Matsumoto, 2005; Pei, Zhen-Xiang, & Chun-Ping, 2007; Schott, 2011). Grounded theory fits well with the constructivism paradigm (Denzin & Lincoln, 2000, p. 24) and with the qualitative approach of this research. Grounded theory has often been applied when a research area has been scarcely researched (Goulding, 2002, p. 55) as this is the case with switching ITO providers. There are several different streams of grounded theory (Charmaz, 2006; Corbin & Strauss, 2008; Glaser & Strauss, 1967; Strauss & Corbin, 1990) but common for all streams are *coding*, writing *analytical memos*, *theoretical sampling*, *theoretical saturation*, *constant comparison*, and gathering and simultaneously analysing data (Charmaz, 2006; Corbin & Strauss, 2008; Glaser & Strauss, 1967; Goulding, 2002). These methods and how they are applied for this research are discussed in detail in section 4.6 data analysis procedures.

The applied version of grounded theory is called modified since, for example, a literature review was conducted before research participants have been interviewed. Grounded theory typically requires that literature should not be reviewed before data collection and data analysis (Cutcliffe, 2000). According to Strauss and Corbin (1990) grounded theory requires that the relationships between the categories need to be described. This research has not described the relationships between the categories since this was not necessary for answering the research questions. Although grounded theory methodology has been applied to develop *theory* – Corbin (Corbin & Strauss, 2008, p. 55) acknowledged that there are other goals than reducing everything to a theory. “A researcher has to make choices and should choose the approach to, and aims for, research that are most suitable to the problem of study and most likely to make a professional contribution” (Corbin & Strauss, 2008, p. 55). Corbin and Strauss (2008, pp. vii-ix) acknowledged that they no longer believed that theory creation is the only way to advance knowledge. Instead Corbin and Strauss (2008, p. ix) recognised the validity of thick and rich description for doing research. This researcher agreed with Corbin’s (Corbin & Strauss, 2008) thoughts on theory and the validity of thick and rich

descriptions and used a modified version of grounded theory to develop emerging categories and a descriptive conceptual framework.

4.4.2 **Reasons for using a qualitative approach**

Qualitative research will be more likely to be used for theory generation and exploring a new topic, although it could also be used for theory verification (Punch, 2005, p. 16). This research focused on a relatively new and under-researched topic (Alaranta & Jarvenpaa, 2010) and therefore this study was conducted using a qualitative exploratory research design. This is aligned with Creswell's (2009) understanding when a qualitative research design should be selected:

If a concept or phenomenon needs to be understood because little research has been done on it, then it merits a qualitative approach. Qualitative research is exploratory and is useful when the researcher does not know the important variables to examine (p. 18)

Maxwell (2005, p. 22) remarked that developing understanding inductively is one of the key strength of qualitative research. "Many qualitative studies are descriptive and exploratory: They build rich descriptions of complex circumstances that are unexplored in the literature" (Marshall & Rossman, 2010, p. 68). Guba and Lincoln (1994) responded to the belief that only quantitative methods result in scientifically valuable outcome. They argued that quantitative research ignores meaning and purpose. In contrast to quantitative research – qualitative research is able to "provide rich insight into human behaviour" (Guba & Lincoln, 1994). Developing understanding inductively is one of the key strength of qualitative research (Maxwell, 2005, p. 22). Although, qualitative data collection is challenging - many studies which focus on management research rely on this type of study (Edmondson & McManus, 2007, p. 1155). Edmondson and McManus (2007) argued about methodological fit that:

When little or no prior work related to research questions exists, researchers face problems when they seek to collect purely quantitative data. First, it almost certainly will be the case that the quantitative measures will have an ambiguous relationship to the phenomena under study. The measures may capture

preliminary ideas about emergent constructs, and the analysis, which certain to the measures rather than to the phenomena themselves, do not aid the researcher truly learning from the field setting....Similarly, a hybrid approach also suffers from the uncertain status of (quantitative) measures that are employed before sufficient exploration of a new area has pinned down factors to measure" (p.1171).

This researcher follows the line of argumentation of Edmondson and McManus (2007) who advised that if new research questions need to be answered that researchers should pursue a qualitative approach by conducting interviews or observations and that researches should follow "qualitative data opportunistically" (p. 1172).

4.4.3 Time horizon

Research can be conducted as a snapshot over a short period of time (cross-sectional studies) or series of snapshots over a period (longitudinal studies) (Saunders et al., 2009, p. 155). The time between the snapshots in longitudinal studies can be from seconds or minutes to years or even decades (Taris, 2000, p. 2). Since this research does not want to answer if success factors have changed over a period of time, a cross-sectional study has been conducted.

4.4.4 Alternative research approaches

In the following sections (4.4.4.1 - 4.4.4.4), alternative approaches to research such as quantitative research, mixed methods research, case study research, and action research are briefly discussed. Reasons are provided for not using these alternative approaches.

4.4.4.1 Quantitative research

Quantitative research has often been related to a positivist (Bryman & Bell, 2007; Punch, 2005, p. 154), or to a postpositivist paradigm (Creswell, 2009, p. 12). Researchers within a quantitative approach assert that their research is value-free (Denzin & Lincoln, 2003, p. 13). Punch and Punch (2005) defined quantitative research as "...empirical research where the data are numerical..." and "...has structured and predetermined research questions, conceptual framework and designs" (p.28).

Quantitative research often utilises a deductive approach (Bryman & Bell, 2007, p. 28) and although quantitative research can be utilised for theory generation it will more likely be used for theory verification (Punch, 2005, p. 16). Bryman and Bell (2007, p. 26) suggested that the choice of paradigm has influence on the overall research design and the data gathering strategy. This is another argument against choosing a quantitative approach for this research. The final reason against a quantitative approach is Guba and Lincoln's (1994) response to the belief that only quantitative methods result in scientifically valuable outcome. They argued that quantitative research ignores meaning and purpose.

4.4.4.2 Mixed methods research

In mixed methods research, the strength of qualitative and quantitative methods should be combined. Tashakkori and Teddlie (2003, p. x) suggested that mixed methods research is more than a mere combination of a qualitative and quantitative approach to research. Teddlie (2009, pp. 163-164) suggested that a mixed methods research approach is necessary if both quantitative and qualitative data is necessary to get answers for the research questions. Bryman and Bell (2007, p. 658) warned that mixed methods research is particularly more time consuming and resource intensive than as if just one research method would be applied. After carefully considering a quantitative, a qualitative or a mixed method approach to research, this researcher came to the conclusion that a qualitative approach is best suited to answer the research questions.

4.4.4.3 Case study

Creswell (2007) defined case study research as:

...a qualitative approach in which the investigator explores a bounded system (a case) or multiple bounded systems (cases) over time, through detailed, in-depth data collection involving **multiple sources of information** (e.g., observations, interviews, audiovisual material, and documents and reports), and reports a case **description** and case-based themes (p. 73).

Yin (2009, p. 73) demanded that informed consent need to be gained "from all persons who may be part" of the case study and that "*privacy and confidentiality*" is secured.

Many IT outsourcing studies have utilised case studies as research method (Alaranta & Jarvenpaa, 2010; Baldwin, Irani, & Love, 2001; Berger & Hatton, 2013; Winkler, Dibbern, & Heinzl, 2008). Although there are various methods for ensuring privacy and confidentiality in case study research (Stake, 1995; Thomas, 2011; Yin, 2009), the initial exploratory talk of this researcher with nine potential interviewees showed that they do not want to be related to case study research due to the sensitivity of the research topic. Therefore, it was decided not to use the case study approach.

4.4.4.4 Action research

Action research (AR) is defined by Greenwood and Levin (2007) as "...a set of collaborative ways of conducting social research that simultaneously satisfies rigorous scientific requirements and promotes democratic change" (p.1). One underlying assumption of all AR streams is that theory should be developed through practice (Brydon-Miller, Greenwood, & Maguire, 2003, p. 15). Herr and Anderson (2005, p. 74) suggested that before taking the challenge of an AR thesis an agreement with stakeholders should be worked out and stakeholders need to agree on the dissemination of the thesis data. In case of an unsuccessful or partly successful transition (not in time, scope, or budget or a combination) it would be unlikely that key stakeholders would accept the dissemination of data due to possible negative effects. Therefore, an action research approach has not been pursued.

4.5 Data gathering procedures

The term *data* is used for all materials and information gathered and analysed as the term data is used and understood in the field of IT management.

Figure 4-3 presents an overview of the essential steps of the data gathering and analysis procedure. A detailed description of all steps depicted in Figure 4-3 will follow in the subsequent sections.

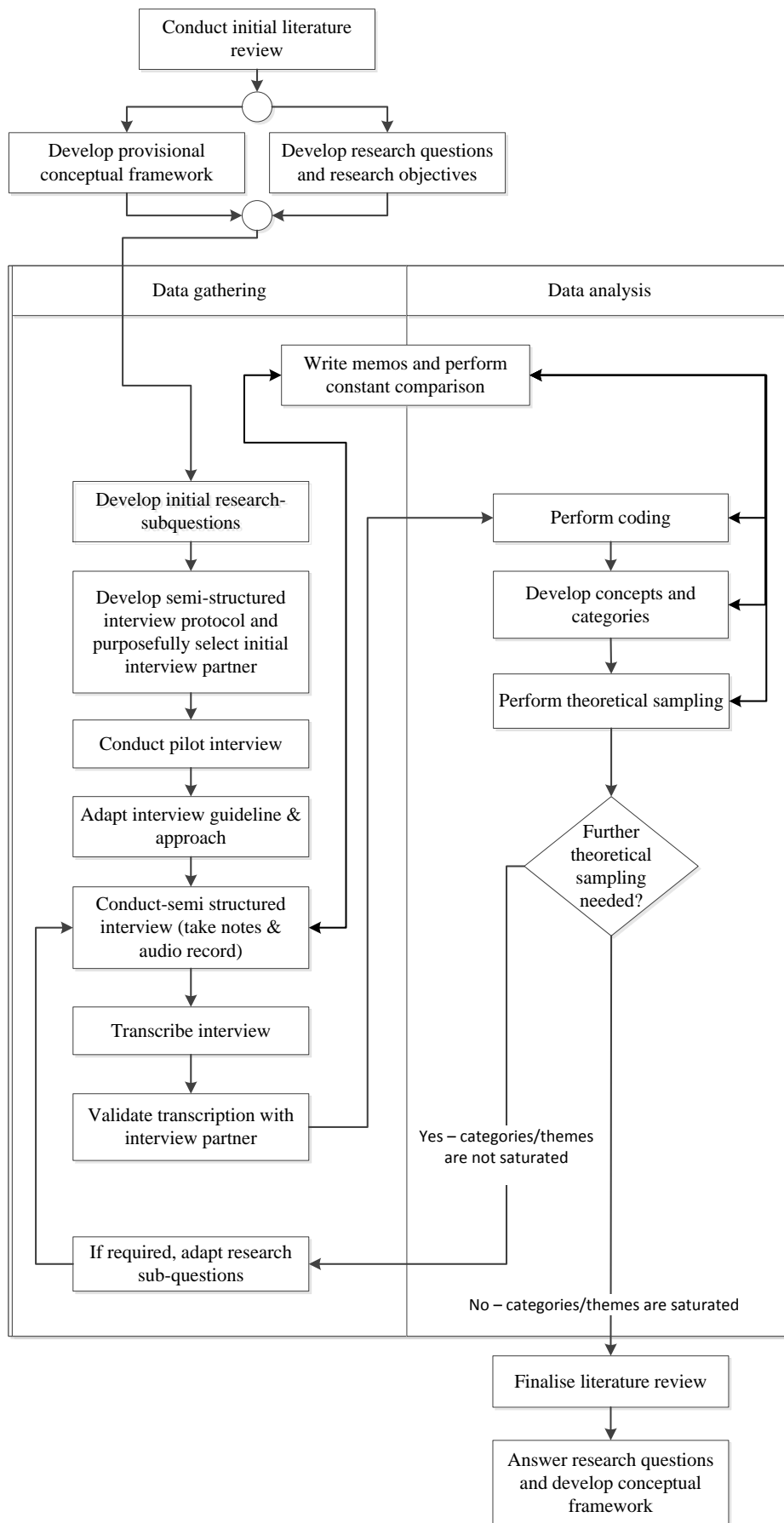


Figure 4-3 Overview of the data gathering and analysis procedure (developed for this thesis)

4.5.1 Justification of semi-structured interviews

Kvale (2008) defined interviewing as "... a specific form of conversation where knowledge is produced through the interaction between an interviewer and an interviewee" (p. xvii). Interviewing is often used in management research (Kvale, 2006, p. 480), produces rich data, and is therefore an ideal basis for analysis (Goulding, 2002, p. 59). Contrary to quantitative researchers – qualitative researchers value rich descriptions as they are concerned with details (Denzin & Lincoln, 2000, p. 12). According to Wengraf (2001)

Semi-structured interviews are designed to have a number of interviewer questions prepared in advance but such prepared questions are designed to be sufficiently open that the subsequent questions of the interviewer cannot be planned in advance but must be improvised in a careful and theorized way. As regards such semi-structured interviews, they are one where research and planning produce a session in which most of the informant's responses can't be predicted in advance and where you as interviewer therefore have to *improvise* probably half- and maybe 80% or more – of your responses to what they say in response to your *initial prepared* question or questions (p.5).

The sequence of the questions were not predetermined before the interview. The researcher is free to choose the sequence of the questions as needed (Patton, 2002, p. 349). Semi-structured interviews provide the necessary flexibility for this research to follow relevant emergent concepts and categories which have not been considered before the interview (Edmondson & McManus, 2007, p. 1172; Goulding, 2002, p. 59). Various experienced researchers viewed interviewing as a favoured way for data gathering (Charmaz, 2006; Corbin & Strauss, 2008; Goulding, 2002). Seidman (2006, p. 12) cautioned that the method of interviewing is particularly time consuming. To address this concern – a project plan for this thesis was developed. The project plan reflected the project management approach for conducting this thesis. The project management approach ensured that sufficient time had been allocated for conducting interviews and data analysis. Conducting semi-structured interviews was ideally suited for this research as the dialectical interaction with interview partners provided rich data and was an adequate foundation for analysis.

4.5.2 Challenges of interviewing

Interviewing can be challenging, in particular for the unskilled researcher (Creswell, 2012, p. 173). This means that the success of qualitative interviewing depends on the one hand "...on the conversational skills..." (Rubin & Rubin, 2005, p. 12) that the researcher brings to the research site. And on the other hand to the degree of "...what each interviewee knows and is willing to share" (Rubin & Rubin, 2005, p. 4). Although this researcher had already advanced interviewing skills due to his business routine – interviewing skills were enhanced by studying relevant interviewing literature. Rubin and Rubin's (2005, p. 32) advice was followed and after each interview it was analysed if leading questions have been used. This researcher also verified if he avoided "... following up in places that warrant additional questioning..." because the researcher did not want to hear the answer to that potential question. This is especially important since interviewing requires an open mind (Birks & Mills, 2011; Bryant & Charmaz, 2010; Goulding, 1998). This researcher used self-reflections to improve the quality of subsequent interviews (Rubin & Rubin, 2005, p. 32) and to minimise the risk that potential power asymmetries did negatively affect the interviewing process. The interviewer often dominates what is asked when and how and this can be referred to as power asymmetries (Talmy, 2010). Various authors (Briggs, 1986, 2003; Creswell, 2012; Kvale, 2006; Scheurich, 1995) pointed out power asymmetries in interviews. However, not only the interviewers have power but also interviewees. Interviewees have the power about what is being said and this is "the most crucial part of the conversation" (Anyan, 2013, p. 4). Conducting interviews is not the same as having dialogues since the researcher has a purpose of getting the research objectives answered and there is not the mutuality which is typical for dialog (Kvale, 2006, p. 483). Kvale (2006, p. 483) defined dialog as: "...a joint endeavour where egalitarian partners, through conversation, search for true understanding and knowledge" (p. 483).

4.5.3 Interviewee selection

To ensure a holistic picture, interviewees from both the ITO client and the ITO provider (incumbent/new) side were selected. The interviewees were selected either: a) directly from this researcher's extensive network of ITO practitioners, or b) from ITO practitioners referred by this researcher's network. All selected interviewees needed to have extended practical experience in managing/implementing ITO deals of more than

6 years. Moreover, they needed to have experiences in switching complex ITO deals of more than 1.5 years. This required practical experience ensured that the interviewees brought sufficient sensitivity to the research. The interviews were conducted with eight ITO client interview partners, six incumbent provider interview partners, and seven interview partners from the new provider. The research participants came from seven different organisations. There are researchers for example, who criticize research when only a low number of interview participants have been interviewed. But the objective of this research was not to develop a statically valid and quantifiable (Diefenbach, 2009, p. 882) theory. Nonetheless, one interviewee is probably not able to "tell the whole story" (Diefenbach, 2009, p.883). Therefore, theoretical sampling was used to decide how many interview partners should be selected and which interview partner should be selected for the next interview. The saturation of concepts directed how many interview partners were sampled. Due to the saturation of concepts, twenty-one interview partners were selected. This is aligned with Diefenbach (2009) who wrote:

In this sense, an increase in the amount of interviews carried out increases the quality of research... However, there is no formula describing what a sufficient amount of interviews and data is. It is up to the researcher when he or she feels that enough interviews were carried out (p. 883).

An overview of the research participant characteristics is depicted in Table 4-3. This researcher offered to send a copy of the completed and approved thesis to interview partners to ensure reciprocity (Bryman & Bell, 2007, p. 144). All interview partners were easily accessible due to their interest in the research topic.

Respondent	Organisation	Job Role	Years of experience in ITO outsourcing	Years of ITO provider switching experience
Respondent 1 (R ₁)	New provider	Project manager	10+ years	2-4 years
Respondent 2 (R ₂)	ITO client	Project manager	10+ years	2-4 years
Respondent 3 (R ₃)	New provider	Programme manager	7-10 years	5-7 years
Respondent 4 (R ₄)	Incumbent provider	Project employee	7-10 years	5-7 years
Respondent 5 (R ₅)	Incumbent provider	Project employee	7-10 years	2-4 years
Respondent 6 (R ₆)	Incumbent provider	Project manager	10+ years	2-4 years
Respondent 7 (R ₇)	New provider	Programme manager	7-10 years	2-4 years
Respondent 8 (R ₈)	Incumbent provider	Project employee	10+ years	5-7 years
Respondent 9 (R ₉)	ITO client	Project manager	10+ years	7+ years
Respondent 10 (R ₁₀)	ITO client	Programme manager	7-10 years	2-4 years
Respondent 11 (R ₁₁)	New provider	Project manager	10+ years	5-7 years
Respondent 12 (R ₁₂)	ITO client	Programme manager	10+ years	5-7 years
Respondent 13 (R ₁₃)	Incumbent provider	Project employee	10+ years	5-7 years
Respondent 14 (R ₁₄)	ITO client	Programme manager	10+ years	5-7 years
Respondent 15 (R ₁₅)	New provider	Project employee	10+ years	5-7 years
Respondent 16 (R ₁₆)	Incumbent provider	Project manager	10+ years	7+ years
Respondent 17 (R ₁₇)	New provider	Project manager	10+ years	2-4 years
Respondent 18 (R ₁₈)	ITO client	Project manager	10+ years	7+ years
Respondent 19 (R ₁₉)	New provider	Project manager	10+ years	5-7 years
Respondent 20 (R ₂₀)	ITO client	Project manager	10+ years	7+ years
Respondent 21 (R ₂₁)	ITO client	Project manager	4-6 years	2-4 years

Table 4-3 Overview of research participant characteristics

4.5.4 Conducting semi-structured interviews

The first contact to potential interviewees was either by telephone, or by face-to-face conversation. When the potential interview partner informally agreed to be interviewed – the interview partner was officially invited to the research via email. The interviewees got the following information (see Interview documents) with the invitation email:

- Research information letter
- Interview agenda
- Interview protocol structure
- Informed consent form

With the invitation email, potential interview partners were informed that it was the goal to audio record and transcribe the complete interview. Twenty-three potential research participants were invited. Twenty-one research participants agreed and two

interview candidates declined to be interviewed. The two candidates who declined to be interviewed did so due to legal and compliance considerations. The interviewing started in March 2012 and ended in October 2012. All interviews were conducted face-to-face and in English. Twenty research participants were interviewed once. One interview participant was interviewed twice due to time constraints during the first interview. The total number of conducted interviews was unspecified at the beginning of the interview invitations since the actual number of interviews to be conducted was influenced by the theoretical sampling and saturation approach (see section 4.6.5.). At the beginning of the interview, the option was offered that if audio-recording was rejected, then written notes of the interview would be taken instead. No interview partner rejected audio recording. Additionally, research participants were given the option to end the interview any time. One research participant ended the interview before all questions were asked due to time constraints. Another interview was conducted with this participant three weeks later and all questions were answered during the second interview. The interviews took place in a quiet location free from disturbances (Creswell, 2007, p. 133) and at a location which was convenient for the interview partner. The overall interview session was scheduled for 120 minutes, whereof the actual interview was scheduled for 90 minutes. Most interviews were completed within the scheduled timeframe with the exception of three interviews, where the actual interview was conducted within 150 minutes. The interview partner were asked to complete and sign an informed consent form at the interview location (Creswell, 2007, p. 133).

To answer RQ1 and RQ2, research sub-questions (Creswell, 2007, pp. 109, 133) were asked. Figure 4-4 is a simplified version of Figure 4-3 and shows the process of the development of the research sub-questions. Figure 4-4 illustrates how the initial research sub-questions were derived from the *initial analysis* of the literature, and the development of the provisional conceptual framework, and that the research sub-questions were adapted due to the theoretical sampling approach (see section 4.6.5). In appendix 3, an example is provided how the research sub-questions were developed from the initial categories to the final set of research sub-questions. The final set of research sub-questions were:

1. When switching ITO providers– how important is it that success is defined for the transition? And what is the definition of success for the transition?
2. When switching ITO providers – who should define success?
3. When switching ITO providers – what are project management success criteria for the transition?
4. When switching ITO providers - what factors contribute to a successful knowledge transfer during the transition?
5. When switching ITO providers - what factors contribute to a successful transfer of key experts during the transition?
6. When switching ITO providers - what factors contribute to a successful mixed mode – temporary multi-sourcing during the transition?
7. When switching ITO providers - what factors contribute to a successful integration of the new provider production team during the transition?
8. When switching ITO providers - how important are experienced external project resources for the success of the transition?
9. When switching ITO providers - how important is trust for the success of the transition?
10. When switching ITO providers – what factors contribute to a successful escalation management during the transition?
11. When switching ITO providers – what factors contribute to a successful project communication (communication of change)?
12. When switching ITO providers - what factors contribute to a successful transition strategy?
13. When switching ITO providers – what other factors contribute to a successful transition?

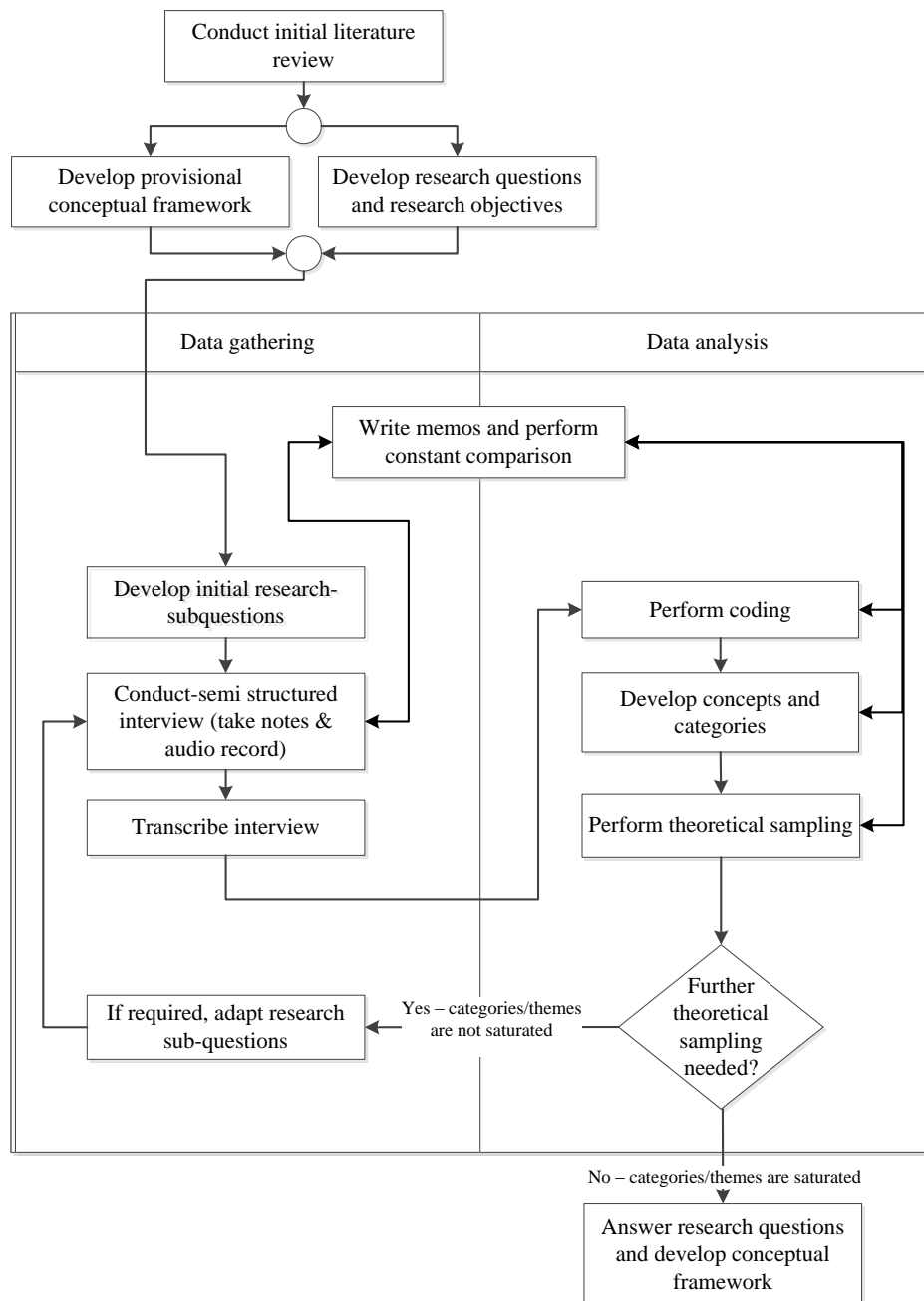


Figure 4-4 Development of research sub-questions (developed for this thesis)

There was sufficient space for notes between the questions on the interview protocol. With the consent of the interview partners, all interviews were audio-recorded. Additionally, notes were taken on the interview protocol sheet in case of an audiotaping failure (Creswell, 2009, p. 183). Although Glaser (1992) suggested that it is sufficient to transcribe only the first interview, and Davidson (2006, p. 40) warned that high costs are associated with the transcription – all interviews for this research were transcribed, directly after the interview (Maxwell, 2005, p. 110). The transcript was sent to the interviewees for final review. Creswell (2007) highlighted the possibility that interviewees share "information ‘off the record’ "(p. 142). All interviewees were asked

to indicate "off the record information". After the indication of "off the record" information by one interviewee, the indicated "off the record" information was deleted, so that it was not part of analysis. The transcripts/notes are electronically stored and the software package NVivo 10 was used to facilitate the coding, comparing and memo-writing process (Creswell, 2009, p. 188). The names of the interview partners have been anonymised (Creswell, 2007, p. 141). Names of interview participants will not be published and audio-records and transcription material will be destroyed after the thesis is finally approved.

4.5.5 Pilot Testing

The complete data gathering and analysis procedure was pilot tested with a purposefully selected interview partner (Maxwell, 2005, p. 93). The face-to-face pilot interview took place in February 2012 and was conducted with a person with more than five years of ITO switching experience. After the pilot interview the lessons learned from the pilot-test were used to refine the complete data gathering and analysis procedure (Creswell, 2007, p. 133).

4.6 Data analysis procedures

Some qualitative researchers wait with data analysis until data gathering is completed and this is "...making the task of final analysis more difficult and discouraging" (Maxwell, 2005, p. 95). Although this is a suitable approach for some researchers the researcher of this thesis agreed with Coffey and Atkinson (1996) who argued that: "We should never collect data without substantial analysis going on simultaneously" (p.2). Therefore data analysis for this research began directly after data gathering (Charmaz, 2006; Corbin & Strauss, 2008; Glaser & Strauss, 1967). The coding started directly after the first interview in March 2012 and ended after the last interview in November 2012.

4.6.1 Coding and developing concepts and categories

According to Miles and Huberman (1994) "coding is analysis" (p. 56). Therefore the transcribed interviews were coded by segmenting, categorising data, and assigning names to the segments (Charmaz, 2006, p. 43). Blumer (1931) remarked that: "Much conceptual usage is mere labelling without yielding anything but the label" (p.532). For

this reason a clear definition what *concepts* and *categories* are was required, especially since they are often inconsistently defined (Bryman & Bell, 2007, p. 591). For this thesis the definition by Corbin and Strauss (2008) was chosen due to its clarity. According to Corbin and Strauss (2008) "Concepts vary in levels of abstraction. There are basic-level concepts and higher-level concepts that we call categories. Lower-level concepts point to, relate to, and provide the detail for the higher-level concepts" (Corbin & Strauss, 2008, p. 52). Coding and developing concepts and categories was an essential part of the analysis and was performed directly after each interview. In this research, the categories are named management capability/business activity (see chapter 5). The concepts are the CSFs, the SSFs and the key risks. These are discussed in the following section. The provisional conceptual framework (see Figure 3-1) that is based on the critical literature review provided an initial classification (Corbin & Strauss, 2008, p. 40) of factors, which contribute to the successful switching of ITO providers. Based on the literature review and the provisional conceptual framework the initial categories were developed. The initial categories were also the foundation for the initial research sub-questions. This researcher started the coding with the following initial categories:

1. Project management
2. Knowledge transfer
3. Transfer of key experts
4. ITO client governance
5. Sufficient resources
6. Top management support
7. Trust
8. Escalation management

4.6.2 The identification of CSFs, SSFs, and key risks

The business world becomes increasingly complex for managers and one way of reducing complexity to necessary information is by applying the CSFs method (Bullen & Rockart, 1981). The CSF method was introduced by Rockart (1979) in a Harvard Business Review article titled: "Chief executives define their own data needs." Rockart (1979) developed the CSF method to determine top management's information requirements, so that top management can direct attention to the critical areas which determine the success for the organisation. Rockart (1979, p. 85) defined CSFs as:

Critical success factors thus are, for any business, the limited number of areas in which results, if they are satisfactory, will ensure successful competitive performance for the organization. They are the few key areas where ‘things must go right’ for the business to flourish. If results in these areas are not adequate, the organization’s efforts for the period will be less than desired.

Managers need to focus their attention and the limited resources available to these critical areas to ensure enduring success of the business (Boynton & Zmud, 1984, p. 17). For this thesis, this means focus needs to be given to the CSFs to ensure that providers can be successfully switched. Boynton and Zmud (1984) suggested that CSFs emerge from interview data after a series of interviews, typically taking one to two hours, between a "skilled CSF analyst" and key experts of the company. The scheduled interview duration for this research was ninety minutes. According to Boynton and Zmud (1984, p. 18) the CSFs method is criticised for three major limitations:

1. The appliance of the CSFs method is difficult for CSF analyst without the necessary competences.
2. Bias of the CSF analyst and the interviewee negatively affect the validity.
3. CSFs analyst or interviewee are not able to identify causalities between cause and effect and are therefore not able to identify the CSFs

These potential weaknesses have been addressed and mitigated in this thesis as described below:

1. This researcher has wide experience in managing transitions both in initial ITOs and provider switching ITOs (see section 4.7.1). Additionally, this researcher has explicitly addressed the challenges of interviewing (see section 4.5.2).
2. Identified bias of this researcher was discussed (see section 4.7.1) and detailed validation procedures and verification strategies were developed and executed (see section 4.8).
3. This potential weakness was mitigated through the verification strategies and validation procedures (see section 4.8), in particular through:

- a. The appropriate sample (ensured with the theoretical sampling approach)
- b. Collecting and analysing data concurrently
- c. Thinking theoretically
- d. Member checking
- e. Spending prolonged time in the field

CSFs are well received at top management level since this method has the power to reduce complexity to the essential core factors for success (Boynton & Zmud, 1984, p. 18). The CSF method is widely used within IT research for example by Holland and Light (1999) and by Teo and Ang (1999). Various studies on ITO (Gottschalk & Solli-Sæther, 2005; Khan, Niazi, & Ahmad, 2009) have successfully used the CSF method. Interestingly the CSF method is often applied by enterprise resource planning studies (Akkermans & van Helden, 2002; Umble, Haft, & Umble, 2003).

In this study, also SSFs have been identified. Although the effect on success is not as robust as for the CSFs, the SSFs still have major impact (Storey & Easingwood, 1996, p. 43) on the successful switching of ITO providers and therefore need to be considered. In this thesis, also key risks emerged from the interview data. Key risks are the risks for which interview participants have suggested that these risks have the potential to lead to an unsuccessful transition. This researcher has not explicitly asked for key risks.

4.6.3 **The use of memos**

Corbin and Strauss (1990, p. 10) remarked that omitting memos would negatively impact the complete analysis procedure. Therefore, memos were written during the complete research process as shown in Figure 4-3. The memos enhanced the analytical process and through memos implicit thoughts, questions, assumptions, and musings became explicit. Memo-writing was an important analytical link between data gathering, writing conclusions, and recommendations (Charmaz, 2006, p. 72). The memos were an ideal place for storage and the later retrieval of articulated conjectures which were derived from constant comparison (Charmaz, 2006, p. 72).

4.6.4 Constant comparison

Constant comparison was integrated into the analytical procedure. Constant comparison is a process of constantly "...comparing data with data, data with category, category with category, and category with concept" (Charmaz, 2006, p. 187) or how Glaser and Strauss (1967) put it - "...comparing incident with incident" (p.108). This process helped reducing the bias in this research (Corbin & Strauss, 1990, p. 9) and enhanced the process of inductively creating concepts and categories (Charmaz, 2006, p. 187).

4.6.5 Theoretical sampling and saturation

For researchers it is an important issue to define which kind of data will be collected, where, how, (Corbin & Strauss, 2008, p. 144), and from whom. Theoretical sampling was used to address this issue. Theoretical sampling is different from other methods of sampling as it responds to emerging data (Corbin & Strauss, 2008, p. 144). In theoretical sampling not interview partners but emerging concepts (Corbin & Strauss, 2008, p. 144) are sampled.

In contrast to *theoretical sampling* - *purposeful sampling* requires that the characteristics such as "who" and "how many" need to be defined before the data gathering procedure begins (Creswell, 2007, p. 125). With theoretical sampling - emergent concepts directed who was chosen as next interview partner and what specific questions were asked (Corbin & Strauss, 2008, p. 146). For example after the category "transition strategy" emerged from the interview data (see appendix 3) a research participant was chosen who was believed to be a transition strategy expert. The consecutive and interrelated procedure of data collection, and analysis helped this researcher to recognize relevant, and significant concepts, and categories, and follow them with relevant sub-questions (Corbin & Strauss, 1990, 2008). A concept needed to occur repeatedly during data gathering or analysis to demonstrate its relevance. The constant absence of a concept or a category either demonstrated its irrelevance for the descriptive conceptual framework or it was reflected as absent (Corbin & Strauss, 1990, p. 10). Interviews ended when additional interviews no longer produced additional insights (Silverman, 2011, p. 72). This means that theoretical sampling involves inductive and deductive reasoning (Charmaz, 2006, p. 103) which also helped to reduce the bias of this research (Corbin & Strauss, 1990, p. 7).

The term "sampling" in qualitative research is not without problems as its roots are in quantitative research and therefore could imply "the purpose of 'representing' the population sampled" (Maxwell, 2005, p. 88). But the purpose of this research is not to represent the sampled population but to select those type of interviewees that allows this researcher to gather the information needed to answer the research questions (Maxwell, 2005, p. 88).

4.7 The Role of researcher values

According to Bryman and Bell (2007) "values reflect either the personal beliefs or the feelings of a researcher" (p.29). The researcher of this thesis agreed with many researchers that value-free research and knowledge development cannot be achieved (Charmaz, 2006; Corbin & Strauss, 2008; Denzin, 2001; Patton, 2002) as researchers bring their own views, perspectives, experience, and training to the research (Patton, 1999). Own experiences will influence how and what the researchers perceives (Bryman & Bell, 2007, p. 30). This view is aligned with the constructivist stance to this research and is confirmed by Guba and Lincoln (1994, p. 114) who stated that "values have pride of place" in research which is guided by a constructivist paradigm.

Since objective and value-free research is not possible researchers need to take a neutral position in relation to the research subject (Patton, 2002, p. 51), and the research findings (Patton, 1999, p. 1204) to ensure credible research. "This simply means that the investigator does not set out to prove a particular perspective or manipulate the data to arrive at predisposed truths" (Patton, 2002, p. 51). As it is the belief of the researcher of this thesis that the elimination of subjectivity is not possible – identified biases were highlighted in the subsequent paragraph. The researcher of this thesis has "explicitly" identified (Creswell, 2009, p. 177) his business background and his educational training and has reflected on what he brought to this research (Charmaz, 2002, 2006; Mills, Bonner, & Francis, 2008; Patton, 2002).

4.7.1 Role of the researcher

Corbin and Strauss (2008) remarked that "...objectivity in qualitative research is a myth" since researchers bring their own perspectives, experience, practices, and biases

to the research (p.32). As it is not possible to eliminate subjectivity in this research "possible biases" are explicitly highlighted. As requested by Creswell (2009, p. 177) the business background and educational training is "explicitly" identified. Additionally, the following paragraph also explicitly identified business interests (Diefenbach, 2009, p. 891) of the researcher of this thesis. The researcher works as an IT management consultant with IT outsourcing experience since 1999. The researcher has consulted ITO deals (initial and switching) with typical total contract value ranging from €60 million to €850 million and typical contract duration of 5 years. This experience has sparked the interest for this research topic. The academic training has resulted in a Master of Business Administration (MBA) and a Master of Science in International Finance and Management. To avoid "excessive subjectivity" this research self-consciously assessed bias during every research phase as recommended by Goulding (2002, p. 18). For example, interview transcripts were reviewed and analysed to ascertain if this researcher has asked leading questions or if relevant concepts were neglected.

4.7.2 Ethical issues

Any qualitative researcher will face ethical issues irrespective of the chosen methodology (Creswell, 2009; Maxwell, 2005). Ethical considerations are part of the constructivist paradigm (Guba & Lincoln, 1994, p. 115). Therefore, the specific ethical issues, which were anticipated, are addressed with an adequate mitigation approach. The ethics framework shown in Table 4-4 consists of expected issues, mitigation approaches, and references - where available. The ethical framework is aligned with Gloucestershire's "Research Ethics: A Handbook of Principles and Procedures" (Gloucestershire, 2008).

Table 4-4 Ethics framework

Ethical issue	Mitigation approach	Reference
Risk of Harm	<ul style="list-style-type: none"> • The audio recorded interviews were transcribed. The interviewee got the interview transcription via email for checking the accuracy. "Off the record" information could be indicated by the interviewee and was deleted, so that it is not be part of analysis. 	
Ensuring anonymity and confidentiality	<ul style="list-style-type: none"> • Aliases were assigned to interviewee names. • Real names of interviewees will not be published. • Care has taken, so that real names are not identifiable in the published thesis. • Interview transcriptions and recording material will be destroyed when the thesis is finally approved. • Interviewees had the right to reject the audio recording of the interview 	
Ensuring informed consent	<ul style="list-style-type: none"> • With the invitation email the interviewee got the following documents: • Interview agenda • Interview protocol structure • Research information sheet • These three documents provided the interviewee with information of the research purpose, the research questions, and the overall research process. • Before the interview started the interviewee were guided through the whole research process. • The interviewee was informed that the interview will be audio recorded (1st time in the email invitation and 2nd time at the day of the interview). • The interviewee had the right to reject the audio recording. • The interviewee was asked to sign the research information sheet. 	Appendix 1: Interview documents
Risk of invasion of privacy	<ul style="list-style-type: none"> • The interviewee had the right to reject questions • The interviewee had the opportunity to withdraw from the interview any time without giving reasons. 	Appendix 1: Interview documents
Ensuring reciprocity	<ul style="list-style-type: none"> • It was offered that a copy of the completed and approved thesis will be send to the interview partner to ensure reciprocity. 	
Affiliation and conflicts of interests	<ul style="list-style-type: none"> • This thesis is completely self-funded and is neither influenced by the researcher's employer nor by any other organisation or individual. 	
Ensuring accuracy of interview data	<ul style="list-style-type: none"> • The recorded interviews were transcribed. The interviewee got the interview transcription via email for checking the accuracy. The interviewee was asked to highlight if interview data was not accurate, so that it was either deleted or adapted. 	

Developed for this research and based on Bryman and Bell (2007, pp. 132-147)

4.8 Validation procedures and verification strategies

"Qualitative analysis can be evocative, illuminating, masterful – and wrong" (Miles & Huberman, 1994, p. 262). Therefore it was the aim to raise confidence for the overall research design, and the research findings (Miles & Huberman, 1994, p. 263) for the reader, and for the researcher of this research (Creswell & Miller, 2000). The terms reliability and validity are historically from a positivistic quantitative research paradigm (Golafshani, 2003, p. 597) and are "...criteria in establishing and assessing the quality of research for the quantitative researcher" (Bryman & Bell, 2007, p. 410). Various qualitative researchers agreed that if researchers want to use the terms validity and reliability in qualitative research the definitions and criteria should be overhauled

(Bryman & Bell, 2007; Hammersley, 1992; LeCompte & Goetz, 1982), or changed completely (Lincoln & Guba, 1985). Table 4-5 shows four different approaches of "establishing and assessing the quality" (Bryman & Bell, 2007, p. 410) in qualitative research. Although the overall spectrum of different positions is much broader (Hammersley, 1992), Table 4-5 demonstrates the diverse academic discussions.

Table 4-5 Different quality assurance approaches

LeCompte & Goetz (1982)	Lincoln and Guba (1985)	Hammersley (1992)	Morse, Barrett, Mayan, Olson, and Spiers (2002)
External reliability	Trustworthiness <ul style="list-style-type: none"> • Credibility • Transferability • Dependability • Confirmability 	Validity <ul style="list-style-type: none"> • Plausible • Credible • Centrality 	Reliability (through verification)
Internal reliability	Authenticity	Relevance	Validity (through verification)
Internal validity			
External validity			

For example Lincoln and Guba (1985) argued that the concept of reliability cannot be part of qualitative research because "it requires absolute stability and replicability, neither of which is possible for a paradigm based on emergent design" and should therefore be replaced by the concept of trustworthiness (p. 84). Morse et al. (2002, p. 14) argued against Lincoln and Guba's (1985) strategy for ensuring trustworthiness at the end of the study – as trustworthiness would then come too late in the process and thus would pose the risk that errors cannot be corrected until it is too late. Instead Morse et al. (2002, p. 14) proposed to integrate verification strategies into the research design which then would be "self-correcting" and would ensure "rigor". In the view of Morse et al. (2002) reliability and validity are a product of the verification process which they defined as follows:

Verification is the process of checking, confirming, making sure, and being certain. In qualitative research, verification refers to the mechanisms used during the process of research to incrementally contribute to ensuring reliability and validity and, thus, the rigor of a study" (p. 17).

Due to the constructivist paradigm for this research it was assumed that the process of verification cannot *guarantee* reliability and validity and that this belief comes from an early positivist paradigm (Maxwell, 2005, p. 105), or a realist paradigm. Yet, it was

believed that validity and reliability can be *increased* by integrating adequate strategies and procedures into the research process. Therefore, the following selection of two approaches were integrated into the research design to increase the confidence for the research design and the research findings:

1. Selected verification strategies recommended by Morse et al. (2002) to increase reliability and validity of data.
2. Selected validation procedures recommended by Creswell and Miller (2000, pp. 126-129) and Creswell (2009, pp. 191-192) to increase the confidence for the findings.

Selected verification strategies which are depicted in Table 4-6 to increase reliability and validity of data, were integrated into this research.

Table 4-6 Verification strategies

Verification strategy	Description of strategy	How the verification strategy is integrated
Methodical coherence	The research design needs to be congruent – the research questions need to be aligned with the applied methodologies and methods.	The research design depicted in Figure 4-2 demonstrates the coherence between the research questions and other research design elements such as research objectives, methodologies and methods, literature review, verification strategies and validation procedures. Each element of the research design is influenced, directly, or indirectly by another element of the design.
Sample must be appropriate	Sampling needs to deliver sufficient data so that categories will be saturated. The research participants need to have relevant knowledge and expertise.	It was theoretically sampled until dimensions and properties of categories were adequately developed and saturated (Corbin & Strauss, 2008). The integration of the theoretical sampling approach is shown in Figure 4-3. The interviewee selection approach ensured that experts with advanced subject matter expertise were selected.
Collecting and analysing data concurrently	"...collecting and analysing data concurrently forms a mutual interaction between what is known and what one needs to know." This interrelated procedure is the basis for achieving reliability and validity.	The data gathering and data analysis in this research was a consecutive and interrelated procedure of data collection and analysis, and enabled this researcher to recognize relevant and significant concepts and categories and to follow them with relevant sub-questions (Corbin & Strauss, 1990, 2008). This approach is depicted in Figure 4-3.
Thinking theoretically	Emerging concepts and categories direct to new concepts and categories. These need to be compared with already collected data. "Thinking theoretically requires macro-micro perspectives..."	This verification strategy was realised with the theoretical sampling approach and the constant comparison procedure. The final descriptive conceptual framework is based on analytical macro and micro perspectives.

Developed for this research and based on Morse et al. (2002, p. 18)

Table 4-7 shows the selected validation procedures which were used for this research "to check the accuracy of findings" (Creswell & Miller, 2000, p. 191).

Table 4-7 Validation procedures

Validation procedure	Description of procedure	How the validation procedure was applied
Use member checking	Taking developed concepts and categories back to interviewees and validate the accuracy.	This procedure was followed through the <i>constant comparison</i> and <i>theoretical sampling</i> approach. The inductively developed concepts and categories were validated with interviewees. The conceptual framework and the CSFs, SSFs, and key risks were discussed with selected ITO experts.
Use rich, thick description	Providing rich descriptions and providing different perspectives of developed categories helps to "transport readers to the setting" (Creswell & Miller, 2000)	The integration of interviewee quotations into the findings section made the descriptions rich and thick and exemplified different perspectives.
Clarify bias	The researcher should articulate the bias being brought to research.	This researcher identified his background and motivation in section 4.7.1. Additionally to that, the usage of the constructivist paradigm for this research has been discussed.
Spend prolonged time in the field	"The more experience that a researcher has with participants in their actual setting, the more accurate or valid will be the findings" (Creswell, 2009)	This researcher consulted ITO deals since 1999 with a particular focus in switching ITO providers in recent years and therefore developed sensitivity for the research phenomenon.

Based on Creswell and Miller (2000, pp. 126-129) and Creswell (2009, pp. 191-192)

4.9 Conclusion

In this chapter, several research paradigms were reviewed and it was explained why this research was performed within the constructivism paradigm. Justifications have been given for using a qualitative approach. Reasons were provided for using semi-structured interviews for data gathering. Then the data analysis procedures were discussed which consist of (1) coding, and developing concepts, and categories, (2) the identification of CSFs, SSFs, and key risks (3) the usage of memos, (4) constant comparison, and (5) theoretical sampling, and saturation. In this chapter the role of researcher values were critically reflected upon. To address and to mitigate ethical issues, an ethics framework was developed. To increase reliability and validity of data selected, verification strategies were developed. Finally, to increase the confidence in the findings of this research, selected validation procedures were developed.

5 RESEARCH FINDINGS

5.1 Introduction

In this chapter, the main factors, which contribute to the successful switching of ITO providers, will be established. Furthermore, these factors will be analysed and classified as either CSFs or SSFs. Additionally, key risks are identified and described. Examination and assessment of these success factors and key risk factors can provide operational guidance for ITO clients.

The objective of this chapter is to answer RQ1 and RQ2 successfully and to meet research objectives RO1 and RO2 (see section 2.8). To achieve this, the answers to the research sub-questions will be analysed and compared with the final literature review. The research sub-questions, which provided the basis for the semi-structured interview, are shown in Figure 5-1.

1. How important is it that success is defined for the transition? And what is the definition of success for the transition?	2. Who should define success?	3. What are project management success criteria for the transition?	4. What factors contribute to a successful knowledge transfer during the transition?
5. What factors contribute to a successful transfer of key experts during the transition?	6. What factors contribute to a successful mixed mode – temporary multi-sourcing during the transition?	7. What factors contribute to a successful integration of the new provider production team during the transition?	8. How important are experienced external project resources for the success of the transition?
9. How important is trust for the success of the transition?	10. What factors contribute to a successful escalation management during the transition?	11. What factors contribute to a successful project communication (communication of change)?	12. What factors contribute to a successful transition strategy?

Figure 5-1 Overview of research sub-questions (developed for this thesis)

5.2 Project management findings

1. How important is it that success is defined for the transition? And what is the definition of success for the transition?	2. Who should define success?	3. What are project management success criteria for the transition?	4. What factors contribute to a successful knowledge transfer during the transition?
5. What factors contribute to a successful transfer of key experts during the transition?	6. What factors contribute to a successful mixed mode – temporary multi-sourcing during the transition?	7. What factors contribute to a successful integration of the new provider production team during the transition?	8. How important are experienced external project resources for the success of the transition?
9. How important is trust for the success of the transition?	10. What factors contribute to a successful escalation management during the transition?	11. What factors contribute to a successful project communication (communication of change)?	12. What factors contribute to a successful transition strategy?

Figure 5-2 Research sub-questions one, two, and three

Research sub-questions: When switching ITO providers:

- **How important is it that success is defined for the transition?**
- **What is the definition of success for the transition?**
- **Who should define success?**
- **What are project management success criteria for the transition?**

Interview material is included in tabular format to exemplify the conclusions on the identified CSFs, SSFs, and key risks. The interview material is included in tabular format referring to respondents anonymously (e.g. R₁, R₂, etc.). The tables have not been given table numbers as they clearly relate to the specific CSFs, SSFs, and key risks being discussed. The answers to the research sub-questions were analysed and compared with the final literature review. This has allowed the following conclusions to be drawn:

Make the customer ultimately accountable for defining success criteria

All research participants expressed the belief that it is a CSF that the customer is ultimately accountable for defining success criteria. The accountability for the

definition of transition success criteria cannot be outsourced to another party. The customer is ultimately accountable for defining and communicating the success criteria to the new provider and where necessary to the old provider. All interviewees agreed that the customer is ultimately accountable for defining the overall success criteria. The following research interviewee statements exemplify this finding:

Respondents	R ₁	The one who pays should be accountable for defining the success criteria and this is the customer. The customer needs to understand and to agree how the new provider plans to perform the transition. Therefore, the success criteria are finally determined by the customer.
	R ₂₀	The customer should be in any case accountable for the development of the criteria. The customer may delegate this task to both providers. However, the customer should retain overall control and approve the final success criteria.
	R ₆	The customer should define the success criteria. But the customer should reveal the success criteria to the provider. On the one hand, this will be a good basis for a trustful relationship. On the other hand, this will be helpful for the new provider to understand the critical success criteria. And if the new provider should need to reschedule milestones during the transition, the new provider can make sure that the new milestones do not violate the predefined success criteria.
	R ₁	The customer should define what the success criteria are because finally the customer has requested this deal. The new provider should be careful that its interests are taken into account.

Defining detailed project deliverables and acceptance criteria at the beginning of the transition

Twenty research participants emphasised the criticality of defining detailed project deliverables and acceptance criteria at the beginning of the transition. Often, not all ITO deliverables are defined in required detail in the contract at the beginning of the transition. Many outsourcing contracts contain clauses that the ITO client and the ITO provider will detail project deliverables during transition. If explicitly defined deliverables are not sufficiently developed from the outset, they need to be developed at the beginning of the transition, so that the involved parties know which deliverables need to be delivered by which party for a successful transition. The following research participant statements exemplify this:

Respondents	R ₃	If success criteria are defined at the beginning of the transition, or transformation, then you can save yourself a lot of trouble. Otherwise, no one can exactly determine when the transition is completed. Furthermore, no one can determine if the transition was successful or not.
	R ₄	Therefore, it should be agreed before the transition starts, or at the very beginning of the transition, which are the phases and which success criteria will be evaluated. This will lead to a common understanding of success.

	R ₆	Success must be defined, otherwise it is difficult to realise success. Either the definition of success is already defined in the contract; or it must be defined, or completed, at the beginning of the transition for example with scope statements. The criteria for success must be defined in terms of timeline, quality, and budget, so that all parties know if the transition has been successful.
	R ₁₃	Often, deliverables laid out in the contract are not detailed enough. There are often phrases that suggest that details will be defined during transition.
	R ₅	In any case, success criteria need to be defined, otherwise no one could evaluate the status of the transition activities. Depending on how long a transition runs, there might be the situation that the final success criteria of the transition will be different than originally defined. Especially for longer transitions, there is a real danger of ever new requirements. And these new requirements can have a very significant impact on the timeline and the costs.
	R ₁₉	If success is not defined then perhaps one party will claim that the transition went very well while the other party will say that the transition was not successful. This can happen if both parties apply different criteria for success.

If project deliverables are not sufficiently defined, agreed, and managed then this can lead to scope creep with the result of unbudgeted costs, missed timelines, and unclear deliverables. Scope creep in ITO deals of such dimensions can lead to unbudgeted costs in the tens of millions. The following interviewee statements exemplify this:

Respondents	R ₅	We have seen outsourcing deals becoming uneconomic for both the customer and the new provider due to scope creep. We have seen customers who were faced to pay between eight to twenty-five million Euros additionally to the budgeted costs.
	R ₁₂	If the scope for all outsourcing deliverables is not explicitly defined, then it is very difficult to accurately forecast the costs. The total costs for the outsourcing deal are likely to be much higher than originally anticipated.

While there were different definitions of specific success criteria such as transition duration, the achievement of customer satisfaction, interview participants explicitly stated that success criteria must include scope, quality, time, and cost. These criteria need to be measurable. The following interviewee statements exemplify this:

Respondents	R ₁₀	Success criteria are related to budget, quality and delivery time and they need to be achieved according to the project plan. Another success criterion is that my IT [from the customer perspective] is more efficient than before.
	R ₁₁	It is important that the success criteria are defined so that they are measurable. For projects where providers are switched you need not only to measure the end results. But you also need to measure the intermediate results. The period which we call 'mixed mode'. This is the period where both providers deliver services for the customer.
	R ₄	There are three key success criteria: Firstly, the achievement of the cost-goals. Secondly, implementing the defined services. And thirdly, realising a satisfied customer.
	R ₁₅	You have thousands of deliverables. You need to make sure that all of them have a timeline, a quality, and a cost estimation. This is a huge challenge.

Without having these clearly defined criteria, managing and implementing a transition project successfully would be hardly achievable. Although, the importance of agreeing quality, budget and time objectives (Chakrabarty et al., 2008) is well known within the ITO community, it can be a great challenge to ensure that for every deliverable, quality, budget and time objectives are defined in ITO switching projects. The reason for this challenge is that there are thousands of project deliverables, which need to be agreed and where three different parties, are involved. Adding to the complexity is that these three parties can have different objectives. Research participants indicated that due to the complexity of the project not all deliverables can be defined in the earliest phase of the transition. This finding is aligned with Mao et al. (2008, p. 482), who studied offshore ITO (see section 1.2.3). The customer should pre-define breaking points, which determine when the transition can be considered as unsuccessful, and can thus be cancelled by the customer. The following interviewee statements exemplify this:

Respondents	R ₉	My experience is that it is important to define criteria, which clearly show when the transition is unsuccessful. And if these criteria apply the customer can opt out of the transition with the new provider.
	R ₁	And in addition to success criteria, predetermined breaking point criteria need to be defined. Then the customer and the provider know when the transition can be declared as unsuccessful. A predefined breaking point would be for example if the service desk has not been successfully implemented until a defined date with a predefined quality.

The success criteria need to be understood and accepted by all three involved parties

All interview participants agreed that a common understanding of the term ‘success’ is a prerequisite for a successful transition. Participants remarked that if success is not defined and understood, then it is not possible to conclude whether the transition was successful or not. The involved parties need to define success and the respective success criteria. This is important so that the involved parties can unambiguously decide when the transition is successful and when it is unsuccessful. This is in line with the findings of Cullen et al. (2008) who researched general ITO success (see section 1.2.3.). It is important that the incumbent provider and the new provider understand and agree the defined success criteria, so that the providers are able to implement deliverables as required. The following research participant statements exemplify this:

Respondents	R ₁₈	The customer needs to develop the first draft of success criteria, so that the customer can control both providers with the defined success criteria. Then, the defined criteria should be agreed by both providers. The success criteria affect all three parties. Therefore, it is important that all three parties understand and agree the criteria.
	R ₁₂	The customer needs to define the success criteria. However, it is important that all three parties understand and agree the success criteria. Otherwise, there is a high risk that all three parties will run into different directions.
	R ₁₅	At least the CIOs of the three parties should agree the success criteria. This is because if the transition will not be successful, then there will be the questions: "What were the actual success criteria? And why have they not be achieved?" And if not all three parties have agreed on the success criteria, then there is the risk of long talks about the 'spirit of the contract'. And in doubt all three parties realise that they have different assumptions what the success criteria really are. But if the success criteria have been committed by all three parties. Then they can be used in case of an escalation.
	R ₅	Success must be defined, should be defined so that all three parties know that they, or whether they are successful.
	R ₁₇	Moreover, the success criteria for the intermediate results need to be agreed by all three parties.

Implementing a project deliverables approval process

Eighteen research participants argued that a project deliverables approval process needs to be defined at the beginning of the transition. This gives the customer the possibility to monitor and review if deliverables are implemented as defined by the contract and in specification workshops. The review of deliverables can to be performed in quality gate sessions. The customer and the new provider should jointly conduct the approval sessions. The customer is ultimately accountable for agreeing that the deliverables are implemented as required. Approval sessions should be conducted periodically. The following statements exemplify this view:

Respondents	R ₂₁	During quality gate sessions, the customer will review if the provider has implemented everything as defined. The contract will be a main source of truth for the quality gate sessions. Although, it must be kept in mind that often the contract is not specific enough. The contract often states that certain deliverables need to be defined during the transition by the customer and the new provider. Therefore, it is important that these added deliverable specifications are also reviewed during the quality gate sessions.
	R ₁₄	At the very beginning of the transition acceptance criteria between all three parties must be defined and agreed. Only this will ensure that all parties clearly know what is expected. If these criteria are not defined then such a complex project will likely not be successful.
	R ₇	From a project management point of view it is an essential factor that quality gates are defined. This means that the programme management does not need to wait until the complete transition is finished but they can analyse early if success criteria have been or will be achieved. These quality gates need to be defined at the very beginning of the transition for the entire transition period.

Make business continuity the most important success criterion

Irrespective of the reasons for the provider switch, all interviewees agreed that the most important success criterion is that business continuity is guaranteed during the complete transition. Due to the reliance on IT, the failure of important IT services can have serious consequences for the business. This finding is exemplified by the following research participant answers:

Respondents	R ₁	From the view of the customer, one of the key success criteria is that business continuity is maintained.
	R ₁₇	Transitions of these dimensions have the potential to disrupt business continuity. Nowadays, the business relies on the provision of IT services. If key applications, for example for monetary transactions in a bank, or cash systems for an international retailer are not available, then this leads to serious business problems which can cost tens of millions. Therefore, one major key success criterion is that business continuity is not endangered.
	R ₁₄	No matter what the reasons for the provider switch are, business continuity must not be jeopardised. A transition can be considered as unsuccessful if IT services are reduced to a level so that the business is not able to function any longer.
	R ₁₃	You can conduct an excellent transition project. But if you have one day, where due to the project, the business continuity was interrupted because IT services were not available, then you will have a major issue as a transition project manager. You can lose the trust you have built with the business over 16 months in just one day.

This means that project management needs to ensure that the overall transition and multi-sourcing strategy needs to be designed and implemented in a way that business continuity can be ensured.

Joint development of the transition project plan by the client and the new provider with the involvement of the incumbent provider

Nineteen research participants agreed that the joint development of the transition project plan is critical for the success of the transition. The customer should provide the overall project-planning framework. This framework needs to state how deviations in scope, quality, budget or time will be handled and how major milestones are re-planned if necessary. The project plan for the transition needs to be jointly planned by the customer and the new provider and where necessary the incumbent provider needs to be involved. This finding is exemplified by the following research participant answers:

Respondents	R ₃	Project management is one of the capabilities, which is most critical for the success of the transition. The customer and the new provider need to develop the project plan jointly.
	R ₅	The customer and the new provider should jointly develop the project plan. And only then the project plan should be shared with the old provider. If the old provider needs adjustments to the plan then they could be incorporated. If the old provider is integrated too early in the planning process, it can sabotage the plan.
	R ₇	The project needs to be planned and managed jointly by the customer and the new provider. The customer has the required customer specific knowledge and the new provider has the required technical and process knowledge. Both parties need to work hand in hand. It won't be sufficient if only one party develops the transition plan. For dedicated milestones and deliverables, it is important that the old provider is integrated.

The ITO client needs to be aware that the incumbent provider has different objectives than both the ITO client and the new provider. Interview participants indicated that there is the risk that the incumbent provider tries to influence the project plan for its own objectives such as a prolongation of the transition to earn additional money.

Incorporating major project deliverables from the client, incumbent, and new provider into one master project plan

Twenty research participants emphasised the importance of incorporating major project deliverables from all parties into one project master plan. To guarantee that the project can be completed as planned there must be only one master project plan. This master plan needs to incorporate all major deliverables from the client, the incumbent, and the new provider. The plan needs to show the major milestones and major dependencies between all three parties. There can be single project plans, which can be updated by each party, but finally these plans need to be linked back to the master plan. It is important that the master project plan is synchronised with the exit plan of the incumbent provider. The master project plan needs to incorporate major milestones and dependencies of the old provider such as the termination of services (e.g. network services) by the incumbent provider. The following research participant statements exemplify this view:

Respondents	R ₈	Experience shows that the old provider has one important project plan and this is the exit plan. This plan addresses how the provider will exit the outsourcing deal. The new provider has a plan, which describes how the services will be build up. And both plans need to fit together, so that the exit plan matches the transition plan. If both plans are not strictly aligned than the overall transition is at risk. Therefore, there needs to be a joint programme plan. And this plan needs to be managed by the customer and the new provider. It is essential that the dependencies of the three parties are apparent.
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	R ₁₃	It is recommended that there is only one master plan that is imperative for all parties to adhere to. Instead of different project plans for different regions and different managers who may not even talk with each other.
	R ₁₇	There is one central master plan, which then can be taken apart and can be updated and implemented in a decentralized way. But the global milestones which are the critical path need to be binding for all parties. And there must be clear rules of escalation for cases when assigned time slots, defined quality, or agreed costs are not met. If there are such rules then each subproject can act on its own within this wider framework. Each part project can move local milestones on their own. But as soon as there are dependencies to other part projects then these milestones must be centrally controlled and approved.
	R ₅	The central programme management needs to have a project plan, which consists of forty to a few hundred lines. Maximum. Otherwise, programme management will lose the needed overview. Project management office must define only a few global milestones. These global milestones must include frozen zones, contracting periods, contracting termination dates, and so on. There must be only one accountable overall programme manager. Otherwise, no one really knows which service will be migrated next. But there are three opinions and five plans. There must be on single point of trust.
	R ₁₁	There must be only one central project plan. This project plan must reflect the current status of each work package at all times. This project plan must reflect all major dependencies. If project plan tasks, deliverables, milestones are moved, then all central project participants need to be informed about it. All involved parties must work according to this plan. Major changes to the project plan are not allowed without the respective request for change.

It needs to be ensured that the new provider is able to deliver the required IT-services as stated by the project plan. This is important since there is the risk that the incumbent provider will leave the project regardless of whether the new provider is ready to deliver the IT services as required or not. This finding is supported by Chua et al. (2008, p. 20) (see section 2.5). The following interviewee statements exemplify this finding:

Respondents	R ₁₄	Then we had major difficulties. The old provider has terminated the contract with the network provider and the new provider was not yet ready to provide the network services. After escalations and negotiations, the old provider prolonged the provision of network services. This came at an extraordinary high price.
	R ₁₀	The datacentre with the old provider was terminated for the 31.12. and could not be prolonged since it should be demolished. And the new datacentre with the new provider was not ready for usage and the provider had to find, for a transitional period, another data centre. This has considerably delayed the transition.

When major milestones have been re-planned then this needs to be communicated to all affected stakeholders. However, communicating timely with all affected stakeholders can be difficult, due to the number of stakeholders involved. The milestone dates provided by the new provider must be realistic, since a permanent re-planning and re-scheduling can undermine trust in the overall capabilities of the new provider. This finding is supported by the conclusions of Chakrabarty et al. (2008) who stated that unprofessional project management can negatively affect the perception of the service

quality, regardless of the actual provided service quality. The following interviewee statements exemplify this finding:

Respondents	R ₂₁	However, at the latest, when the new provider wins the bid [during the final provider selection process], the new provider must develop a realistic and robust plan. If there is an unrealistic plan, then the whole transition is doomed to failure. The expectations are just too high. When you have communicated the project plan to all stakeholders including the board, you will lose all trust if the transition will take two years instead of just one. Then finally, the complete service will be perceived as poor.
	R ₁₇	The customer will always provide the initial major milestone dates. For example that the transition may not last longer than one year. However, the potential new provider should always have the courage to discuss these milestones and request the change for these milestones if they are unrealistic.
	R ₂₀	If the new provider regularly communicates milestone dates, which are not achievable, then the provider will lose the trust of the customer, eventually.

Ensuring that the customer is accountable for the overall project management including project planning

All research participants viewed the accountability for the overall project management by the customer as a CSF. Providers can have objectives, which are not fully aligned with the objects of the customer. Consequently, the customer is ultimately accountable for managing the overall project. The client is often the only party, which has contractual agreements with both providers and can therefore enforce decisions. Often, the incumbent provider and the new provider have no contractual relationship. Although the customer is ultimately accountable, it can delegate project management tasks to the providers. The following statements exemplify this finding:

Respondents	R ₇	The customer must be responsible for the overall project programme management. This is because the customer is the only party with sufficient power. The customer is the only party, which is able to escalate across providers. The customer needs to evaluate progress and every plan amendment. If the customer does not perform this duty then there will be frictions, which can lead to failure. It is important that the customer does not also outsource the thinking to providers. The customer must take control of the overall transition. If the customer relinquishes control then it must be expected that the transition objectives are at risk.
	R ₁	The customer should be responsible for the management of the transition. The customer may delegate this task to the new provider. But even then the customer needs to control these activities. The customer cannot delegate the complete responsibility. This would not work. This is because even the new provider has its own interests, which can differ from the interests of the customer. The customer must ensure that the plan meets its expectations.
	R ₁₀	It is important that the customer himself is responsible for developing the project plan and analysing the critical path. The customer should not rely solely on the proposals of its providers.

	R ₈	It is to question to what extent the project management can be performed by each provider. In particular, since the old provider will have a motivational issue to support the switch of providers.
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Management of transition switching costs by the client

All research participants viewed the management of transition switching costs by the client as a CSF for the project. ITO provider switching projects, of the size researched by this thesis, are so complex that often not all necessary services and tasks are covered, as required for a successful transition, by the existing contracts with the incumbent and the new provider. This often results in unbudgeted costs for the ITO client and the new provider. The following research participant statements exemplify this:

Respondents	R ₁₉	When you outsource IT in dimension larger than one hundred million euro for the contract period then you cannot cover everything in a contract in a waterproof way. It is not possible because you will forget things. You will define deliverables in a way that are interpretable by the customer and by the provider. To switch providers in such a dimension is very complex and very costly. The management of the project and the management of the costs is absolutely critical. It is critical for the success of the customer and the provider. Both parties need to realise their business case.
	R ₂₀	There are many reasons why it is difficult to specify the contract with the new provider in the required detail. A contract always needs to be interpreted and it can always be interpreted in different ways. For example from the customer perspective, you consider that a certain service for your top application will be delivered twenty-four hours and seven times a week, but you haven't explicitly defined this in the contract and then the new provider may charge additional costs. This can happen for many of your services. Suddenly your business case is at risk.
	R ₁₃	During the RFP [request for proposal] phase and during the due diligence it is likely that some of the required services are not defined. The customer has to estimate the required quantities of services required and this will always be an approximation. How much server disk space do you require? What types of servers and how many servers do you require? This is very difficult for the customer to estimate.
	R ₉	Is the administration of all your priority servers included twenty-four hours? Is the deployment of software included twenty-four hours? Have you specified this in way so that it can't be interpreted otherwise? If you outsource and switch your complete IT to another provider then you have many thousands deliverables like this.

Research participants indicated that switching costs can become so immense that the ITO business case becomes invalid for both the ITO client and the new provider. That switching costs can be extremely high was also found by other authors (Feeny & Willcocks, 1998; Poppo & Lacity, 2006; Whitten et al., 2010) (see section 2.2.2.1). Barthelemy (2001, p. 60) found, researching IT outsourcing in general, that poorly managed transitions can "cancel out the company's potential saving from outsourcing" (see section 2.4.5). Therefore, it is critical for the success, that switching costs are

identified as early as possible and managed accordingly. All research participants indicated that there are many reasons for additional switching costs during the transition. One reason given by several research participants was that different interpretations of the contract led to additional and unbudgeted costs for the ITO client. All research participants suggested that ITO customers and new providers underestimated the required effort for managing the temporary multi-sourcing phase (see discussions on "estimating the effort required for managing temporary multi-sourcing" in section 5.8.). Several interview partners commented that temporary multi-sourcing led to unforeseen tool adaptations (e.g. development of ticketing-system interfaces) and unforeseen process adaptations for processes such as incident management. Eighteen research participants suggested that intellectual property claims can lead to additional switching costs (see discussions about "identifying, addressing, and resolving intellectual property issues" in section 5.4). This research found that knowledge transfer costs are significant and that there is a typical dispute on which party is responsible for paying knowledge transfer costs (see discussions about "identifying knowledge transfer costs and agreeing which party pays for the costs" in section 5.4). Many interview participants concluded that an unsupportive or hostile strategy by the incumbent provider or underestimating the complexity of switching ITO providers could lead to a longer transition period and therefore to increased switching costs. These findings are aligned with the detailed discussions on switching costs in section 2.2.2.1, which concluded that not much is known how to effectively calculate or estimate switching costs.

Client project managers manage the transition in close collaboration with new provider project managers

Nineteen research participants agreed on the critically for a successful transition that project managers of the involved parties should manage the project in close cooperation. It is required that at least the project managers of the customer and the new provider meet several times a week. This close cooperation provides the project managers with the opportunity to react quickly to newly arising transition challenges. Through the close cooperation between ITO client and the new provider trust can develop quicker between these two parties. Ideally, project managers of the incumbent provider can be involved in the meetings, when required. The following statements exemplify this finding:

Respondents	R ₃	Project managers need to work very closely together. For example, the responsible stream leader for IT-service management from the customer should work very closely with the stream leader of the IT-service management stream from the new provider. The stream leader of both parties [customer and new provider] should also manage the stream jointly. These stream leads should meet a couple of times a week and in especially challenging times daily. A close cooperation between stream leaders will increase the likelihood of success massively.
	R ₅	I believe that it is a success criterion if the three responsible project leaders responsible of the three parties [customer, incumbent provider, new provider] meet daily in a conference call. At least the project leader of the customer and of the new provider should meet daily. If there are no problems or issues to discuss, then the conference call can end after 15 minutes. If they have open issues then they are able to respond on short notice.
	R ₁₁	It is important that the programme management of the customer, the old, and the provider have the same target vision. This assumes that all three parties will work together closely.
	R ₁₈	A critical success factor is that project managers of the customer work closely with the project managers of the new provider. In a best-case scenario, project manager from all three parties work closely together. Although, this cannot be expected due to the termination of the contract with the old provider. Nevertheless, project managers from the customer must work together closely with project managers of the new provider. Otherwise, the transition would not work out successfully.

Implementing risk management to manage project risks

Eighteen research participants viewed risk management as a CSF. Switching ITO providers is a highly complex endeavour with many involved risks. This view is confirmed by Peterson (2012, p. 390). The risks not only evolve because three parties are involved, which potentially have different objectives but there are many other risks, which need to be managed. Materialising risks of switching ITO providers can ultimately lead to an unsuccessful transition and in the worst case to a loss of business continuity. Therefore, a dedicated risk management approach is required for ITO provider switching projects. It needs to be ensured that key risks are identified, reported, and if possible mitigated. The following interviewee statements exemplify this finding:

Respondents	R ₇	There are many risks in provider switching projects. Some of the risks can be costly if they materialise. Some risks can prolong the transition. Other risks can endanger the complete business of the customer. If for example, the main trade application is not available for half a day, then this could result in a major loss for the company. Therefore, risks need to be effectively monitored and communicated.
	R ₆	It is important that risks for all three parties are recorded, evaluated, and monitored. And this should happen at programme level. The customer must know risks, which could affect the business of the customer, so that the customer is able to react accordingly. Here it is important that all additional costs and potential project plan shifts are transparent for the customer.
	R ₇	You need to manage the risks. Managing risks is a critical success factor when providers are switched. This is so important because many of the risks will not be foreseen. Costs risks. Risks resulting from the temporary multi-sourcing. Risks resulting from the knowledge transfer. Operational risks. There will be risks on all levels. This is why a dedicated risk management approach is required.

The following nine key risks were identified based on the indication made by interview participants. These key risks are discussed in the associated sections. It can be assumed that all CSFs can, if they are neglected, turn into key risks.

- The incumbent provider may attempt to influence success criteria in favour of the incumbent provider (see section 5.2)
- The incumbent provider may try to actively hinder or block the knowledge transfer to the new provider (see section 5.4)
- Fear of job loss will inhibit the sharing of knowledge (see section 5.4)
- Managing the transfer of key experts in an unprofessional way (see section 5.6)
- The incumbent provider may try to transfer underperforming resources to the new provider while trying to transfer well performing resources to other accounts before the contract has ended (see section 5.6)
- Transferred key experts will implement solutions, which were adequate for the organisation of the incumbent provider, but are not advisable for the organisation of the new provider (see section 5.6)
- Agreed service levels can neither be achieved nor enforced during temporary multi-sourcing (see section 5.8)
- Underestimating the complexity of switching providers and underestimating resource requirements (see section 5.12)
- Incumbent provider may conduct hostile strategies to purposefully disrupt trust between the customer and the new provider (see section 5.14)

Participation of well-prepared top management, with the authority to make project decisions, in steering committee meetings

All research participants agreed on the importance of this CSF. Due to the highly complex nature of ITO switching projects, there is always the risk of scope creep, delay of milestones, new requirements, quality issues, budget issues, and project escalations. ITO provider switching projects need a well-functioning project steering committee to quickly address and resolve these issues successfully. Therefore, it is important that the top management and the project leaders of the involved parties are part of the steering committee. The steering committee members need to be well informed and well prepared in advance of the meeting. This applies in particular to the top management, since it is not a directly involved in the management of the project. The absence of required decisions, by the steering committee meeting, can potentially delay the entire project. Therefore, steering committee members need to have the authority to take decisions during the meeting or within a short timeframe after the meeting. When required, key experts should also attend steering committee meetings, so that these experts can be consulted. This can accelerate decisions significantly. The following statements exemplify this finding:

Respondents	R ₁₁	Top management attendance is important for the success of steering committees. Otherwise, when only middle management would attend then decisions would be delayed. Because middle management usually needs to get approval by the top management.
	R ₇	A steering committee must be able to act and take decisions. If the steering committee cannot make decisions immediately, then it must be able to make decision within a very short timeframe. A steering committee needs the power to enforce decision and actions.
	R ₈	If only members of the middle management attend steering committee meetings for example service delivery managers, then there is the risk that they are not aware of the overall big picture. Top management should be part of the steering committee. Then these meetings are usually less emotionally charged and more purpose oriented.
	R ₃	The management level above the programme management should attend. They are often needed for top decision and in case of escalations. Then experts from various fields should attend as needed. From the customer usually the provider manager will also attend.
	R ₁₆	If only middle management or programme management attend steering committee meetings then required decisions are often delayed. This is because this management level usually cannot decide about needed additional resources, or the delay of major milestones. And the delay of these type of decisions can slow down the complete transition.
	R ₁₉	It is important that steering committee members have the authority to decide. This means usually top management attends. And it is important that the members are well briefed before the steering committee, so that decisions are based on hard facts and not hearsay.

	R ₅	Authority to decide is a critical success factor for a steering committee. The people who attend the steering committee board must be competent and well informed.
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The incumbent provider may attempt to influence success criteria in favour of the incumbent provider

Sixteen research participants viewed it as a key risk that the incumbent provider may attempt to influence success criteria in favour of the incumbent provider. The incumbent provider has different objectives than the customer and the new provider. Therefore, the customer should critically assess how much the incumbent provider needs to be involved in the success criteria definition. There is the risk that the incumbent provider may try to influence success criteria in a way, which are beneficial for the incumbent provider but not for the new provider. The following statements exemplify this finding:

Respondents	R ₁	Overall, I would not stress the role of the old provider too much. Otherwise, there is the danger that the old provider bends the success criteria too much in his direction to create an advantage.
	R ₃	The old provider should definitely not define the success criteria. That is because the old provider will usually not talk in positive way about the new provider. Therefore, the success criteria defined by the old provider will probably not be helpful.
	R ₉	The old provider has objectives that are most likely contrary to the objectives of the new provider. Sometimes customers cannot let the old provider go. They think that they need the expertise of the old provider. My advice is be very careful with integrating the leaving provider in the success criteria definition process.

5.3 Project management conclusion

Table 5-1 shows the CSFs and Table 5-2 shows the key risk for project management.

Table 5-1 Project management – critical success factors

Management capability/business activity	Critical success factors
Project management	<ol style="list-style-type: none"> 1. Make the customer ultimately accountable for defining success criteria 2. Defining detailed project deliverables and acceptance criteria at the beginning of the transition 3. The success criteria need to be understood and accepted by all three involved parties 4. Implementing a project deliverables approval process 5. Make business continuity the most important success criterion 6. Joint development of the transition project plan by the client and the new provider with the involvement of the incumbent provider 7. Incorporating major project deliverables from the client, incumbent, and new provider into one master project plan 8. Ensuring that the customer is accountable for the overall project management including project planning 9. Management of transition switching costs by the client 10. Client project managers manage the transition in close collaboration with new provider project managers 11. Implementing risk management to manage project risks 12. Participation of well-prepared top management, with the authority to make project decisions, in steering committee meetings

Table 5-2 Project management– key risk

Management capability/business activity	Key risk
Project management	<ol style="list-style-type: none"> 1. The incumbent provider may attempt to influence success criteria in favour of the incumbent provider

5.4 Knowledge transfer findings

1. How important is it that success is defined for the transition? And what is the definition of success for the transition?	2. Who should define success?	3. What are project management success criteria for the transition?	4. What factors contribute to a successful knowledge transfer during the transition?
5. What factors contribute to a successful transfer of key experts during the transition?	6. What factors contribute to a successful mixed mode – temporary multi-sourcing during the transition?	7. What factors contribute to a successful integration of the new provider production team during the transition?	8. How important are experienced external project resources for the success of the transition?
9. How important is trust for the success of the transition?	10. What factors contribute to a successful escalation management during the transition?	11. What factors contribute to a successful project communication (communication of change)?	12. What factors contribute to a successful transition strategy?

Figure 5-3 Research sub-question four

Research sub-question: When switching ITO providers - what factors contribute to a successful knowledge transfer during the transition?

The answers to the research sub-question were analysed and compared with the final literature review. This has allowed the following conclusions to be drawn:

Developing and implementing a knowledge transfer strategy

All research participants agreed that developing and implementing a knowledge transfer strategy is critical for the success of the transition. Successfully transferring knowledge is a demanding challenge in ITO provider switching projects. However, without the successful transfer of knowledge, there is a high probability that the transition and the following period of operations will fail. This finding is supported by previous researchers (Alaranta & Jarvenpaa, 2010; Scott, 2009) (see section 2.5). The following research participants exemplify this finding:

Respondents	R ₁₇	Successful knowledge transfer is an absolutely critical success factor. If the knowledge transfer is not guaranteed then the change of providers can fail. When providers are switched then so many detailed information are necessary. If only one server need to be transferred from A to B then this can be done without great knowledge transfer. However, we are talking here about deals where the overall contract value is higher than one hundred million euros. In these kind of deals there are often several hundred people involved. And if the customer and the old provider do not support the knowledge transfer then the complete deal can end in a fiasco. These type of deals are very difficult to handle for the [new] provider.
	R ₁₈	When it comes to delays during the knowledge transfer, then these delays can affect other milestones as well.
	R ₆	Part of the knowledge management strategy is to define which knowledge needs to be transferred from the incumbent to the new provider. Another part of the strategy is to define how knowledge will be transferred. Another part is to define when the knowledge needs to be transferred. Sometimes it is very easy to identify who owns the knowledge. Sometimes it is much more difficult. Are all costs covered either by the exit contract or with the new contract? What are the gaps? Can you expect that the transfer is supported? Or do you have to expect resistance? What are the risks? Do you have fall-back strategies? What is when the people who have the knowledge just in their head will walk out of the door?
	R ₁₀	Our company had no knowledge transfer strategy. The new provider had no knowledge transfer strategy. Everybody just happily assumed that the old provider would happily support the new provider and would transfer its knowledge as required.

The transfer of knowledge is so critical for the ITO client and the new provider, due to two main reasons. The first reason is that the client has often outsourced capabilities and required experiential knowledge during the initial outsourcing, so that the client itself is no longer capable of transferring required knowledge itself to the new provider. The second reason is that the new provider has not yet developed the context sensitive knowledge (see section 2.5.7), which is required to deliver IT-services for the client.

Insufficient knowledge transfer not only endangers agreed service levels, but also can result in widespread business issues and can result, in the worst case, in serious business disruptions. This view is supported by a similar finding by Alaranta and Jarvenpaa (2010) (see section 2.5.3). Knowledge can typically be transferred by transferring documents, by transferring databases (e.g. knowledge database), with work shadowing, by training, and with the transfer of key experts from the incumbent to new provider. A knowledge transfer strategy, which is adapted to the characteristics of switching ITO providers, needs to be developed at the beginning of the transition, and need to be implemented, accordingly. A knowledge transfer strategy should address all CSFs, the SSF, and the key risks that are subsequently discussed in this section on knowledge transfer (section 5.4).

Identifying and agreeing the knowledge types that need be transferred, early

Eighteen research participants viewed the identification and agreement of the knowledge types to be transferred as a CSF. It needs to be determined which type of knowledge needs to be transferred from the incumbent provider to the new provider. Process documentation, concept documentation, knowledge databases, and tacit knowledge are examples for types of knowledge, which typically need to be transferred from the incumbent to the new provider. The following statements exemplify this finding:

Respondents	R ₆	The new provider needs to assess which information is needed. Perhaps the new provider already owns this type of information. This has often to do with the type of standardisation of the services.
	R ₁₆	It can be assumed that the old provider is not interested in sharing all concepts and documents with the new provider. Therefore, it should be evaluated which documents and concepts need to be exchanged between the providers. After evaluation, the consent for the exchange needs to be addressed. This may mean that there will be an additional phase of negotiations between the two providers to address the exchange of knowledge. Often these negotiations are not directly between both providers, but are conducted by the customer.
	R ₉	The transfer of knowledge when providers are switched is a very difficult issue. It is important that all three parties agree very early which knowledge needs to be transferred. It has to be clearly regulated to what extend the old provider will transfer the knowledge. In the process of clarification there will be quickly reasons for conflict. The new provider expects the transfer of knowledge. However, the old provider will not transfer a certain type of information due to intellectual property or other reasons that the old provider will use to argue against the knowledge transfer. Here it is important that these issues are early identified, addressed, and solved with the support of the customer. All requirements regarding knowledge transfer should be in writing so that conflicts, which can be expected, can be solved easily and quickly.
	R ₁₃	Knowledge transfer is much easier if it is clearly defined and regulated in sufficient detail in the exit contract with the old provider. If knowledge transfer is not clearly defined, or not defined in suitable detail, then major negotiation skills are needed by the customer. Then, it is important that the customer approaches the old provider quickly and starts the negotiation process regarding the knowledge transfer. The major challenge here is that the customer often does not know which documentation is needed and essential for a smooth transition.

No reference in the literature was found which specifically confirmed this finding for ITO deals where providers are switched. However, for example Dalkir (2013) generally suggested that before knowledge can be transferred, it needs to be captured, codified, valued, and stored (see section 2.5.3). Not all knowledge, which needs to be transferred, can be identified before the transition starts, since sometimes the necessity of knowledge becomes only visible, when people who need the knowledge for their daily

work find out that it is missing. This finding is confirmed by Alaranta and Jarvenpaa (2010) (see section 2.3.2). One of the challenges in identifying all knowledge, which needs to be transferred, is that there is usually a knowledge asymmetry (see section 2.5.8) in ITO switching deals. This means that neither the ITO client nor the new provider has what Lin et al. (2008) called the "information completeness" to completely identify all needed knowledge to be transferred. This means that both parties, to a certain extent, are reliant on the support of the incumbent provider to identify relevant knowledge to be transferred.

Identifying, addressing, and resolving intellectual property issues, early

Eighteen research participants viewed the identification, addressing, and resolving of intellectual property issues as a CSF. Intellectual property issues have the potential to disrupt or slow down the knowledge transfer. The disruption or slowdown of the knowledge transfer can ultimately delay or disrupt the overall transition. For this reason, the customer and the new provider need to be aware that the incumbent provider might pursue a hostile strategy with the goal to hinder the knowledge transfer (Chua et al., 2008). The following statements exemplify this:

Respondents	R ₁	Knowledge Transfer is often interrelated with the topic of intellectual property. This is often a reason for conflict. It is helpful if from the beginning it is defined what intellectual property means. "First provider, what is your definition of intellectual property? And how should we treat this topic?" The topic of intellectual property has the possibility to slow down the complete transition. There is the risk that topics related to intellectual property have to be decided by the legal department and top management. This decision process then can be very lengthy.
	R ₉	Knowledge transfer is, often only due to the intellectual property discussion, a difficult topic. Where possible the old provider will try to block the transfer of knowledge.
	R ₂	And here is the problem. The term intellectual property is often used by the old provider as an argument not to hand over documentation, knowledge management database, etc. On the one hand there are documented procedures and processes that the old provider could hand over to the new provider. But because this documentation also shows the tools used by the old provider or its organisational structures the old provider does not provide this documentation. Therefore, the customer need to ensure early that either the old provider will hand over relevant documents and data in case providers will change.
	R ₂₁	We are not Mother Theresa. And you can still earn money at the end of an outsourcing deal. For example with intellectual property.
	R ₁₁	Intellectual property was covered by the contract. At least this was our understanding. But naturally our old provider had a different understanding. Then we got lengthy discussions and the attorneys from both sites were involved.

The research for this thesis showed that intellectual property discussions can be expected in most ITO switching deals. Additionally, it can be concluded that even when intellectual property was covered by the exit contract, it was often not unambiguously covered. Although no literature was found, which specifically discussed intellectual property in provider switching situations, this finding is in line with the statement by Kimball (2003) who concluded that "...no legal language is airtight or bulletproof" (p.5) (see section 2.5.6). To address potential intellectual property issues, legitimate legal owners of knowledge that should be transferred need to be identified, early. Then it needs to be clarified if the required knowledge transfer, here the particular transfer of intellectual property, is already covered by the contract with the incumbent provider. If it is not already covered then either the customer or the new provider need to start the respective negotiations. If required, then the contract with the incumbent provider needs to be amended accordingly. This is in line with the finding of Hild (2013) (see section 2.4.9). Claiming that knowledge cannot be transferred due to intellectual property issues can be one potential strategy to earn additional money for some incumbent providers. This view is exemplified with the following research participant statement:

Respondents	R ₂₀	To get documents and even a certain type of intellectual property from the old provider is often only a matter of agreement. A mixture of good negotiation skills and the willingness to invest additional money.
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Identifying knowledge transfer costs and agreeing which party pays for the costs

The costs for the knowledge transfer need to be identified and accounted for, since these costs often play a significant role of the overall transition budget. Nineteen research participants agreed this. This finding is in line with the findings by Scott (2009) who found that there is a risk that the incumbent provider offers the transfer of intellectual property for an uneconomical price (see section 2.5.6). This means that intellectual property disputes have the potential to render the overall ITO outsourcing business case unsuccessful, either for the client or for the new provider or for both parties. It needs to be agreed who is responsible for paying the costs involved in knowledge transition. Research participants indicated that it is a typical dispute between all three parties, which party is responsible for paying the knowledge transfer. This finding is exemplified with the following research participant statements:

Respondents	R ₃	Knowledge transfer costs can be a significant part of the overall costs.
	R ₄	An important question is: What are the arrangements between the customer and the old provider in terms of knowledge transfer and intellectual property? Who owns the knowledge? Is the old provider forced to transfer knowledge to the new provider? Or belongs the knowledge to the old provider? These questions need to be clarified. If they have not been clarified, they need to be clarified and agreed on the beginning of the transition. Otherwise, the transition could take much longer than originally planned. With it, the financial conditions of the knowledge transfer need to be agreed. What are the costs for the knowledge transfer? And who has to pay these costs?
	R ₁₂	There were many situations where it was unclear who was responsible for paying the costs involved in the knowledge transfer. This was a typical steering committee topic.
	R ₁	In any case, the cost for the transfer of knowledge need to be factored in and it must be budgeted. And this type of cost is often ignored by the customer and the new provider.

Identifying and transferring key documents to the new provider

Documents (e.g. process documents, operational manuals, etc.), which contain critical knowledge, are an important factor for a successful knowledge transfer. These documents enable the new provider to understand the complexity of the customer environment much quicker as without documentation. It is important that identified key documents are as up to date as possible. Eighteen research participants agreed that this is a CSF. The following research participant statements exemplify this finding.

Respondents	R ₄	It must be ensured that there is documentation for all major services and processes. This documentation need to be up to date and of high quality. It should be obvious that if this documentation is not available then this has a direct impact on the duration of the transition and on the cost for the transition. There is high likelihood that the new provider is not able to take over the services in a short time and with a high quality of service without adequate documentation.
	R ₁₆	It is critical for success that the old provider and the customer have jointly agreed documentations. For example, these documents need to show the process interfaces between the old provider and the customer. This gives the new provider the opportunity to understand the processes more quickly. Then the new provider can analyse for example the incident management process and can adapt this process much quicker to his own standard.
	R ₁₇	A major success criterion is that the new provider and the customer speak the same language in terms of the definitions they use. To use an example from the user management process. There is a step "create a new user account". What is the understanding of the customer what the provider should perform here? Does this step mean, create a new email account? Or does this step also include to create a new active directory account and to request a new login card for the building? For a smooth transition it is critical that the new provider gets this type of documentation.
	R ₁₀	We must not forget that the new provider has typically no contract with the old provider. Ideally, terms and processes regarding knowledge transfer are defined before the transition starts, even before the contract is signed with the new provider. At least it must be defined which process documentation needs to be available at the very beginning of

		the transition. This is a basic requirement for the knowledge transfer and this is preliminary for a smooth transition.
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Reviewing and assessing transferred documents promptly, so that the incumbent provider can close identified gaps

Fourteen research participants agreed on the importance of this success factor. Transferred key documents might be outdated or not have the required quality. Therefore, the incumbent provider should be required to transfer identified documents early at the beginning of the transition. The new provider (and the client where sensible) should review and assess transferred key documents as quickly as possible. This is especially important, since when the employees of the incumbent provider, who are able to close the addressed quality gaps, have moved to other accounts, it will be difficult to close these quality gaps. It can even be impossible to close knowledge gaps if the knowledge is very specific and the expert who can close the gap has already left the outsourcing account. The following statements exemplify this finding:

Respondents	R ₈	A problem with knowledge transfer based on documents is that the new provider will often detect only at a later date if the documentation is useful or not. For example the new provider will notice it when the application is finally migrated to the new provider and the new provider uses the documentation. For these cases a process or agreement need to be established how the new provider can close this documentation quality gap.
	R ₁₃	When the new provider gets the documentation from the old provider it must perform a quality check. The new provider must check if the quality meets the expected standard. Otherwise, the old provider needs to update the documentation accordingly.
	R ₁₁	The old provider has only transferred mainly outdated documents. And we recognised this too late since most of the document owners had already left to other accounts and where out of reach for us. This resulted in significant issues for us.

Conducting work shadowing with the incumbent provider and training by the incumbent provider

Nineteen research participants agreed that work shadowing with the incumbent provider and training by the incumbent provider is a success factor. A highly efficient knowledge transfer strategy is work shadowing. In work shadowing employees of the new provider follow the work of employees of the incumbent provider closely and gather required knowledge and capabilities in this way. This finding was previously confirmed by Simonin (1999, p. 614) who researched knowledge transfer in strategic alliances (see section 2.5.3). Training of the new provider by the incumbent provider is another

effective knowledge transfer strategy. Although, both knowledge transfer strategies are effective, it needs to be determined if the incumbent provider will allow work shadowing. Additionally, it needs to be ascertained if the incumbent provider is willing to train the new provider. The following research participant statements exemplify this finding:

Respondents	R ₁₁	One way of knowledge transfer is shadowing or mirroring. Employees from the new provider would join employees from the old provider in the data centre or service desk. But mirroring or shadowing is often not allowed by the old provider. Especially since the new provider would gain insight into the internal processes of the old provider.
	R ₂	One effective way of knowledge transfer is shadowing, where the old provider performs tasks and the new provider watches and gets trained this way. This is usually difficult since often the new provider would need to visit the old provider in its organisation. And then there is the issue of intellectual property again.
	R ₁₄	Another practical type of knowledge transfer is training. But why should the old provider train the new provider? The old provider would dig its own grave. Personally, I would not do this.
	R ₁₅	It needs to be clarified if the new provider is allowed to send its employees to the new provider for knowledge transfer.

A high knowledge-integration capacity and absorption capacity from new provider

When the incumbent provider transfers knowledge to the new provider then the knowledge integration and absorption capacity of the new provider plays an important role for the successful knowledge transfer. This means that if complex tacit knowledge needs to be transferred then relevant knowledge and similar experience of the new provider employees play a significant role. This finding is agreed by nineteen research participants. Although, no literature was found, which has specifically researched knowledge integration or absorption for ITO switching deals, the conclusions of various authors (W. M. Cohen & Levinthal, 1990; Park et al., 2011; Reagans & McEvily, 2003) (see section 2.5.3) support this finding. The following interviewee statements exemplify this finding:

Respondents	R ₇	What we have experienced is that highly experienced employees of the old provider, with years of experience in their field, tried to transfer knowledge to inexperienced newcomers of the new provider. You just cannot expect that someone with less than 2 years SAP experience is able to understand and retain knowledge from an expert with more than 15 years SAP experience. It is just not possible for such an important application, which is used globally by our business customers. You just cannot expect that this type of knowledge can be transferred within a short period.
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	R ₃	My experience is that if you are not paying attention, that then the new provider tries to save costs with junior staff. Sometimes. I then had the feeling that these people got their first real training on the subject during this outsourcing deal. How should these junior staff be able to understand and comprehend all this complex knowledge?
	R ₁₆	If you want to transfer complex knowledge, without transferring the experts themselves, then you need highly experienced people, with a similar background, on the side of the new provider.

A trustful relationship between the customer, the incumbent, and the new provider

Nineteen research participants agreed on this CSF. In ITO provider switching deals, a high amount of tacit knowledge, which is often highly complex, needs to be transferred from the incumbent to the new provider. A trustful relationship between the customer, the incumbent and the new provider greatly increases the potential for successfully transferring knowledge. Alaranta and Jarvenpaa (2010) called this "joint collaboration", whereas the authors did not explicitly discussed trust (see section 2.5). The importance of trust is in line with the findings of various authors (Davenport et al., 1998; Empson, 2001; Levin & Cross, 2004) (see section 2.5.5.) who have not explicitly researched knowledge transfer in ITO switching deals. These authors even stated that trust is an essential condition for transferring knowledge successfully. The following research participant statements exemplify this finding:

Respondents	R ₁	High quality knowledge transfer will only work on the basis of trust between the old and the new provider. Building trust will take a while. And good will of the old provider is also needed. Because the old provider is asked to handover its knowledge voluntarily. Therefore, it is important that all parties act with much tact. It is important that the people who work together trust each other. If the expert of the old provider cannot stand the expert of the new provider then knowledge transfer will be difficult, incomplete, or impossible at all.
	R ₁₉	A key success factor is that the employees of the old provider are willing to share their knowledge. It is essential that the old provider positively supports the knowledge transfer. And it is more than helpful if there is some type of trust established between the three parties.
	R ₁₁	It is a success factor for the knowledge transfer if the relationship between the new provider and the old provider is a good one.
	R ₁₂	A trustful relationship between all three parties massively increases the likelihood of a successful knowledge transfer. As far as a trustful relationship is possible in this type of situation.

Assessing and amending the contract with the incumbent provider so that the required knowledge transfer is covered by the contract

The incumbent provider usually has no interest in transferring the knowledge to either the customer or the new provider. Hence, the incumbent provider should be contractually obliged to transfer knowledge. ITO clients therefore need to analyse the contract with the old provider critically to ensure that the required transfer of knowledge is covered by the contract. If the knowledge transfer is not contracted as required, the ITO client should negotiate the transfer as early as possible. Nineteen research participants supported this finding. The following research participant statements exemplify this finding:

Respondents	R ₁₉	In principle, the old provider must be obliged to transfer all the information the new provider needs for the operation of services. And there need to be sanctions if the old provider will not transfer this knowledge.
	R ₇	The best is if the old provider is contractually obligated to transfer knowledge to the new provider. My assumption is that provider won't do this voluntarily. Ideally, knowledge transfer is governed by the exit contract. But there is a human factor in knowledge transfer. This means that even if the provider is contractually obligated to transfer knowledge that does not mean that the provider will perform knowledge transfer as needed. And there are several reasons for this. One reason is that no contract can define knowledge transfer in this level of detail as needed. Another reason is that knowledge is always a competitive advantage. And the old provider is not interested in supporting the new provider to gain competitive advantage.
	R ₃	There should be clear rules regarding the transfer of knowledge from the old provider to the new one. The customer and if possible the new provider should carefully study the exit contract with the old provider. Is the knowledge transfer sufficiently defined? If knowledge transfer is not sufficiently defined and agreed then this should be done at the start of the transition. If this is possible.

The incumbent provider may try to actively hinder or block the knowledge transfer to the new provider

The incumbent provider has usually no benefit to support the knowledge transfer actively. Some incumbent providers even fear that they will lose competitive advantage if knowledge is transferred to a potential competitor. The result is that the incumbent provider often does not actively support the knowledge transition. Some interview participants described that the old provider even conduct strategies, which actively hinder or block the transfer of knowledge. This finding was agreed by twenty research participants and is confirmed by Chua et al. (2008) (see section 2.5.9) The following statements exemplify this finding:

Respondents	R ₁₂	Another reason that the old provider is not handing over the knowledge as needed is that this knowledge would help the new provider to deliver its services for the customer as defined. This knowledge might be the last ace of the old provider. And maybe it is the strategy to win the customer back.
	R ₁₃	Another request that we have rejected was the transfer of our knowledge database to the new provider. It was not in the interest of us [old provider] to hand over this type of knowledge to a competitor.
	R ₄	What are the objectives of the old provider? Does the provider wants to be a good partner and is its goal to be viewed as a professional partner? If the old provider wants to be viewed as a professional partner then the likelihood that it [the old provider] will support the knowledge transfer is much higher. But there are different reactions possible. For example, the old provider may be very reluctant to support the knowledge transfer or the old provider will block the transfer of knowledge as much as possible.
	R ₇	This means that even if the provider is contractually obligated to transfer knowledge that does not mean that the provider will perform knowledge transfer as needed. And there are several reasons for this. One reason is that no contract can define knowledge transfer in this level of detail as needed. Another reason is that knowledge is always a competitive advantage. And the old provider is not interested in supporting the new provider to gain competitive advantage.
	R ₁₄	From my perspective, the customer needs to ensure that needed information is transferred to the new provider. At least in case of an escalation. This is because the old provider has absolutely no interest to transfer the knowledge to the new provider. And the new provider has a strong interest, but has no power at all. This then needs to be facilitated by the customer or by an outside mediator.
	R ₃	One major risk regarding knowledge transition is that the things you do not know about you cannot ask. The new provider is not able to ask questions if it does not know it should have asked these questions. And the answer from the old provider to the question why the old provider has not transferred certain needed knowledge is that: "Well, you have not asked for this type of knowledge."

This is also in line with the findings by other authors (Willcocks, Cullen, & Craig, 2010, pp. 255-256) (see section 2.4.8) who found that the incumbent provider has often little motivation to support the transition as required.

Fear of job loss is will inhibit the sharing of knowledge

Research participants stated that some employees of the incumbent provider fear that they lose their job when they have successfully transferred their knowledge. This research showed that employees, who fear to lose the job after having transferred the knowledge successfully, will only partly and hesitantly transfer knowledge. Twenty research participants confirmed this finding. The following statements exemplify this finding:

Respondents	R ₁₁	Finally, each employee has one major question: When I transfer my complete valuable knowledge to the new provider, what will happen to my job?
	R ₁₆	I would not transfer my knowledge to the new provider from the perspective of the old provider. Especially not if I would not have a job offer in the organisation of the new provider. If I would do this, then I would lose my market value. The fair value of each employee is based on the expertise. And if I transfer my knowledge to the new provider then I lose this value for all parties involved. And eventually I can lose my job.
	R ₂	If employees of the old provider know that the new employer is not interested in offering a job, what should then be the motivation for these employees to transfer their knowledge? Why should the employee reveal all its knowledge and thus give up its unique selling point? Sometimes these employees will argue that knowledge transfer is impossible in the hope of getting an offer to be hired by the new provider.
	R ₂₀	If it is known that the new provider also wants to reduce its headcount during transition and also will only take selected employees from the old provider. Then the result is that employees are not willing to transfer their knowledge to the new provider.

Additionally, interview participants stated that there is usually no reciprocity for employees of the old provider for transitioning their knowledge to the new provider. Many incumbent provider employees only have limited motivation to transfer knowledge. This is in line with the findings of Empson (2001, pp. 857-858), who has researched knowledge transfer impediments in merger situations (see section 2.5.4).

5.5 Knowledge transfer conclusion

Table 5-3 shows the CSFs, Table 5-4 shows the SSF, and Table 5-5 shows the key risks for knowledge transfer.

Table 5-3 Knowledge transfer– critical success factors

Management capability/business activity	Critical success factors
Knowledge transfer	<ol style="list-style-type: none"> 1. Developing and implementing a knowledge transfer strategy 2. Identifying and agreeing the knowledge types that need be transferred, early 3. Identifying, addressing, and resolving intellectual property issues, early 4. Identifying knowledge transfer costs and agreeing which party pays for the costs 5. Identifying and transferring key documents to the new provider 6. Conducting work shadowing with the incumbent provider and training by the incumbent provider 7. A high knowledge-integration capacity and absorption capacity from new provider 8. A trustful relationship between the customer, the incumbent, and the new provider 9. Assessing and amending the contract with the incumbent provider so that the required knowledge transfer is covered by the contract

Table 5-4 Knowledge transfer– secondary success factor

Management capability/business activity	Secondary success factor
Knowledge transfer	1. Reviewing and assessing transferred documents promptly, so that the incumbent provider can close identified gaps

Table 5-5 Knowledge transfer– key risks

Management capability/business activity	Key risks
Knowledge transfer	1. The incumbent provider may try to actively hinder or block the knowledge transfer to the new provider 2. Fear of job loss will inhibit the sharing of knowledge

5.6 Transfer of key experts findings

1. How important is it that success is defined for the transition? And what is the definition of success for the transition?	2. Who should define success?	3. What are project management success criteria for the transition?	4. What factors contribute to a successful knowledge transfer during the transition?
5. What factors contribute to a successful transfer of key experts during the transition?	6. What factors contribute to a successful mixed mode – temporary multi-sourcing during the transition?	7. What factors contribute to a successful integration of the new provider production team during the transition?	8. How important are experienced external project resources for the success of the transition?
9. How important is trust for the success of the transition?	10. What factors contribute to a successful escalation management during the transition?	11. What factors contribute to a successful project communication (communication of change)?	12. What factors contribute to a successful transition strategy?

Figure 5-4 Research sub-question five

When switching ITO providers - what factors contribute to a successful transfer of key experts during the transition?

The answers to the research sub-question were analysed and compared with the final literature review. This has allowed the following conclusions to be drawn:

Identifying and agreeing key experts who should transfer, early

Twenty research participants found that the identification and agreement of which key experts should transfer is critical for the success of the transition. Complex tacit knowledge cannot be stored in databases or documents and therefore cannot easily be transmitted to the new provider. A successful knowledge transfer strategy for complex knowledge (e.g. the incident handling of complex business applications) is the transfer of key experts. The following statements exemplify this finding:

Respondents	R ₅	It is not possible to transfer complex knowledge without the respective employee. It is definitely not sufficient if only the operational manuals are completed and transferred to the new provider.
	R ₂₁	If complex knowledge needs to be transferred than this is often only possible when the experts are transferred as well. If we talk for example of highly customized and business critical applications. This type of knowledge can only be in rare case transmitted without the experts within the duration of a transition. For these type of applications a transfer of key experts is required.

This was also found by previous researchers (Peterson et al., 2003; Teece, 2003) (see section 2.5.9.). Alaranta and Jarvenpaa (2010) also found that the "re-use" of experts from the incumbent provider is a successful knowledge transfer strategy (see section 2.5). The more heterogeneous the outsourced environment of the customer is the more important is the transfer of key experts. Teece (2003, p. 58) even suggested that it is often impossible to successfully transfer tacit knowledge without transferring people. There are many reasons for this, as for example the fear of losing the job after having successfully transferred knowledge and a hostile strategy of the incumbent provider. The only references in the literature, which briefly discussed the transfer of key experts in provider switching situations were Alaranta and Jarvenpaa (2010), Peterson et al. (2003), and Chua et al. (2008). Alaranta and Jarvenpaa (2010) suggested that employees with important firm specific knowledge need to be identified and either reintegrated into the client organisation, or transferred from the incumbent to the new provider. Alaranta and Jarvenpaa (2010) found that this approach would make the necessary knowledge transfer easier. This was affirmed by Peterson et al. (2003) who concluded that it is a main success factor for the "re-sourcing" that key experts transfer from the old to the new provider. The following statements exemplify this finding:

Respondents	R ₁₀	If key experts from the old provider are not transferred to the new provider then this often results in significant issues for the transition. There are certain services, which cannot be operated without these [key experts].
	R ₁₁	For example, if the key experts for a business critical highly specialised banking application are not transferred. Then this banking application cannot be serviced by resources that are new to this application. Or it can take years for the resources to service such a specialised and complex banking application effectively and efficiently.

This is in line with the finding of Reagans and McEvily (2003, p. 242) who stated that with increased knowledge complexity the likelihood of an unsuccessful knowledge transfer is increased. Since, tacit knowledge is difficult to capture (Argote & Ingram, 2000), to codify (Kogut & Zander, 1992), to articulate (Dalkir, 2013), and to transfer (R. M. Grant, 1996b), the risk of an unsuccessful knowledge transfer can be partially mitigated by the transfer of key experts. Moreover, with the transfer of key experts the knowledge asymmetry, between ITO client and new provider (knowledge receiver) and the incumbent provider (knowledge sender), can be addressed in favour for the receiver side (see section 2.5.9). The following research interviewee statements exemplify the necessity of transferring key experts:

Respondents	R ₁₃	It is a success factor that defined key experts transition from the old provider to the new provider. Especially if we talk about complex non-standardized, heterogeneous environments. If key experts do not transition from the old to the new provider then the new provider often cannot perform the transition as planned. Since the new provider lacks the needed customer know how.
	R ₂₀	If, for example, critical and complex application know how needs to be transferred from the old provider to the new provider. Then this can only be done if the required experts are transferred. Everything else would be suicide. If we use the example of a highly complex and critical banking application. Then the transfer of knowledge can only be achieved if the key people will transfer from the old to the new provider. What is the reason for this? Often, these type of applications are highly customised for the requirements of one dedicated customer. And if the business of the customer is based on this type of application then the new provider needs to acquire the whole team which is responsible for this application.
	R ₁₄	Generally, key expert transition is essential when providers are switched. This is even more important if the customer has no highly standardised environment.
	R ₆	If employees transition from the old provider to the new provider then this leads to a much smoother migration than when only new provider and the customer work together. Often, the new provider and the customer have different interpretation for example when they discuss a process. They think they have the same understanding, but actually they do not.

The customer usually knows the key players of the incumbent provider who should switch due to their expertise, knowledge of the business environment, and capabilities, to the new provider. The customer should provide a list of the identified key experts to the new provider. No literature was found which specifically discussed this finding.

However, the following two authors discussed the identification of key experts in a similar context. E. Grant and Gregory (1997, p. 158) advised that before a knowledge transfer strategy is developed, the "human containers", which store the knowledge, need to be identified (see section 2.5.3). Additionally, this finding matches the finding of Barthélemy and Adsit (2003, p. 91), who found that staff with relevant knowledge needs to be identified (see section 2.5.9). The new provider can then critically assess the provided key expert list and identify required employees. The process of identifying and agreeing which key experts transfer should be finalized until an early phase of the transition. This is important for the overall project planning since there can be deliverables which require the transfer of key experts to the new provider.

Conducting a cost-benefit analysis for the key experts in scope for the transfer

The new provider needs to perform a cost-benefit analysis for the identified key experts in scope for the transfer. Nineteen research participants agreed this finding. The new provider needs to make a deliberate decision whether the value of the identified key experts outperform involved costs. The involved costs with the benefits gained if key experts transfer needs to be critically compared. One result of the cost-benefit analysis can be that the transfer for dedicated resources is not economically sensible since the new provider has the required knowledge already within its own organisation. Another result can be that the transfer of knowledge is more economically sensible than transferring dedicated key experts. The following statements exemplify this finding:

Respondents	R ₂	The new provider can get a list of key experts by the customer and/or by the old provider. However, the new provider needs to analyse this list carefully. And taking these people can often be expensive. And key experts from the old provider can often be more expensive than own resources with similar, but non customer-specific know how. This means the new provider will have to make an economic decision whether to invest this money or not.
	R ₁₃	The decision is not always easy. On the one hand, these key experts can definitely simplify your transition, since they know the customer inside out. On the other hand, if you hire too many key experts, your business case can be threatened. Therefore, you have to carefully weigh up your decision.
	R ₂₀	There will be the question of added value by the employees of the old provider after the transition. This often depends on the personal flexibility of the individual resource.
	R ₆	From the viewpoint of the new provider, you want dedicated key experts to transfer. However, you always need to have your business case in mind. If you take too many resources from the old provider then this can threaten your business case.

Developing a key expert transition plan to ensure the right timing for the transfer

Twenty research participants found that developing a key expert transition plan is a CSF. A detailed key expert transition plan needs to show when which key expert needs to transfer from the incumbent provider. If key experts transition too early then this can result in negative consequences for the incumbent provider, since the incumbent provider may lose the capability to provide services for the customer as required. In the worst case, if major IT-services are disrupted, this can have negative effects on business continuity. This is exemplified by the following interviewee answers:

Respondents	R ₁₉	The departure of key players often can have the result that the processes stop functioning. Because the processes are, of course, even if they are beautifully described and certified, ultimately dependent on the resources which perform the processes.
	R ₅	The timing for the transfer of key employees is important, especially for some key positions. For example, there was a complex application where the new provider was required to provide support. However, the knowledge was so specific that the new provider was not able to provide this support. Therefore, the new provider recruited the key experts from the old provider contrary to an agreement not to recruit. These key experts were so important for the old provider that the old provider was not able to provide the needed daily support for this application any longer. Although, the new provider has the legitimate right to hire key experts from the old provider, there is the question of the right timing. In this context, one major question is how the operational stability can be guaranteed.
	R ₁₄	If the key players change too early then there are often operational problems for the old provider. Or if the key resource switches too late then this can create significant motivational issues which also could affect the operational performance of the old provider badly.
	R ₁₇	If key players switch from the old provider to the new provider, then the old provider often loses important know how. This makes it much more difficult for the old provider to deliver a good performance.

If key experts transition too late, then this can affect the service capability of the new provider negatively. Especially, when the new provider is dependent on the identified key experts. With the support of a detailed key expert transition plan, IT service continuity must be ensured. Although the literature review has revealed no ITO switching specific literature, which confirmed this finding, Parikh and Gokhale (2006, p. 146) concluded that the transfer of key experts should be phased and agreed by the client to achieve project "stability and consistency". Often, some key experts need to work for the incumbent provider and the new provider, for a transitional period, at the same time. This additional burden can result in massive stress and in negative consequences for the effectiveness of these key experts. Therefore, the transition needs

to be planned in detail to reduce this double burden where possible. The following statements exemplify this:

Respondents	R ₁₅	When employees should transition to the new provider then it needs to be considered that they often still have important tasks to perform for the old provider. But at the same time they also have to set up services for the new provider. This can be a significant double burden for these resources and can massively affect their effectiveness. Especially if this is not adequately considered by the project plan. There is a great risk that the new provider and the customer underestimate this double burden.
	R ₁₆	For example, there is employee 'A' who is responsible for a certain application. When this application is migrated to the new provider. Employee 'A' should also transition to the new provider. But often this can be complex since Employee 'A' still needs to perform some tasks for the old provider but is already contracted by the new provider. Or vice versa.
	R ₇	The plan for the transfer of employees must be thought out very early and must be accepted and agreed by all parties. When employees change to the new provider it is important to realise that there is a point of no return. There might be a return with assets and things but not with employees.
	R ₁₇	In my current project, an agreement was made that the staff of the old provider will transition to the new provider when the related service also transitions. At least key experts should transition at a defined cut-off date. Then the people can prepare for it. Often these key experts help to develop services for the new provider even before they officially transition. Everything else is a business risk.

Quick integration of transferred key experts into the new provider organisation

The transferred key experts often have the needed customer specific knowledge and the required capabilities. However, these experts usually do not know the organisational details of the new provider, which are required to deliver services in a new context. Transferred experts need the support of the new provider organisation to be effective. Therefore, it is important that these experts are quickly integrated into the organisation of the new provider. Eighteen research participants confirmed this finding. The integration can be accelerated for example by context specific training. The following statements exemplify this finding:

Respondents	R ₅	When the key resource has moved to the new provider, then it is not easy for this resource, because the resource does not know how the delivery processes [of the new provider] are designed. The resource needs time to accommodate before it is able to perform as it has done before.
	R ₃	When employees switch from the old to the new provider, it is very important that the employees of the old provider are quickly and well integrated into the organisation of the new provider.

	R ₁₃	There is the risk that when key experts change from the old to the new provider that the key experts do not get the needed support from the new provider organisation as needed. This is obviously a major problem. Because the customer knows this resource as being reliable and as being a highly competent partner. And suddenly this key resource is not performing as well. This can damage the reputation of both, the resource and the new provider.
	R ₇	This means a factor for successfully transitioning key experts is that the new provider needs to fully integrate and support these resources. And this should happen as early as possible.

Managing the transfer of key experts in an unprofessional way

If key experts perceive the transfer of employees from the incumbent provider to the new provider as unprofessional, they might choose not to switch at all. This is exemplified by the following research participant comments:

Respondents	R ₅	If the new provider has a poor human resources strategy then there is a high risk that none of the desired employees will change from the old provider to the new provider. Whatever the plans of the new provider are, if the new provider has established a bad reputation regarding its human resource strategy then it can become impossible to get resources from the old provider at all.
	R ₄	It is often the case that the debate about employees, who should change to the new provider, is a discussion as employees were things. This type of discussion is fine when pure costs are discussed. But if the discussion is about people then this needs to be reflected in the communication. Otherwise, this will have a negative impact on the success of transitioning these people.
	R ₇	There is a risk that these specialists are seen only as a cost factor. It is important to communicate early that although these specialists mean additional costs that they bring significant value. It is important that these resources are being welcomed with open arms by the new provider even if they mean additional costs.

An example for an unprofessional key expert transition strategy is if key experts get the impression that they are a pure cost factor. Therefore, it is important that the new provider communicates the appreciation for the identified key experts. Additionally, the new provider, or the customer should approach potential key resources with caution and respect, so that trust between the parties can develop. Seventeen research participants confirmed this risk.

The incumbent provider may try to transfer underperforming resources to the new provider while trying to transfer well performing resources to other accounts before the contract has ended

Often, the objective if the incumbent provider is to retain its well performing human resources. There is a high risk that the incumbent provider will transfer these resources to other accounts, and therefore often out of reach for the ITO client and the new provider. Nineteen research participants agreed on this risk. This finding is in line with the finding of Hild (2013) who found that the incumbent provider will transfer experienced employees to other outsourcing deals where they can pursue more attractive business opportunities (see section 2.4.8). Whereas at the same time, the incumbent provider might want to lose its underperforming human resources and actively try to transition these resources to the new provider. This finding is exemplified by the following research participant answers:

R ₆	The old provider has the interest to keep the good employees. The old provider will try to switch his key people to other outsourcing deals. And the old provider will try to transition the low-performing employees to the new provider.
R ₇	A typical manoeuvre of the old provider is that if the providers knows that it has lost the battle against a new provider that the providers ramp its human resources down. The old provider will consider whether it would be an efficient strategy to re-allocate his well performing people to other deals. Then the provider [old provider] can keep the experts. This is one of the key risk factors. Therefore, it is important that a customer starts negotiations early with the old provider to ensure that key experts and key expertise will be transferred to the new provider in any case. Key experts could be identified by personalised selection – if the customer knows the names of the key experts. Or it can be done by establishing selection criteria.
R ₂	There is also a risk regarding the employee transition. The risk here is that the old provider tries to get rid of its low performers and get them transitioned to the new provider. Simultaneously, the old provider will try to secure its high performers. The customer should monitor carefully if suddenly there is a high turnover of employees at the old providers account. This might mean that the provider changes its core team. However, this is only visible for the customer for the account resources. If key experts from nearshore or offshore will change this is often not visible for the customer.
R ₁₄	The customer can identify key people and often has a very good idea who the key experts are. The new provider needs to be careful, since the old provider will offer to handover its underperforming employees on a silver platter. And the old provider will try to keep the staff which the provider is able to sell to other customers.

These findings are supported by the research of Chua et al. (2008) who cautioned that the incumbent provider can "pursue a hostile strategy of being uncooperative" (p. 24). Either the client or the new provider need to check if there are no-hire clauses for the identified key experts. This finding is supported by Peterson et al. (2003) (see section

2.5.9). If there are no-hire clauses, then the new provider or the ITO client can try to negotiate with the incumbent provider to get the key experts in spite of the no-hire clauses. If this is not possible, then the key expert transition strategy needs to be adapted accordingly.

Transferred key experts will implement solutions, which were adequate for the organisation of the incumbent provider, but are not advisable for the organisation of the new provider

There is the risk that transferred key experts implement only solutions, which were specific for the incumbent provider. The risk is that these solutions do not fit to the overall strategy of the new provider. Or, that these solutions bring issues, which the customer wanted to get rid of. Seventeen research participants agreed this risk. The following research participant statements exemplify this view:

Respondents	R ₂₁	But there is also a risk in transferring key experts. The risk here is that with the transfer of key experts, the old problems will also be transitioned from the old to the new provider. This can lead to the re-engineering of old solutions at the new provider.
	R ₆	The new provider should not put the transitioned key experts too early into business mode. The key experts definitely need time to adapt to the new organisation. And they need training. Otherwise, there is the danger that the staff of old provider will bring the processes of the old provider to the new provider. But often these old processes do not fit the requirements of the new provider. Then there is the risk that the operations of the new provider will not accept these processes because they are not consistent with the defined standard.
	R ₁₆	Many of the key resources just change companies. This brought many of the old issues back which we were trying to get rid of. Many of these key resources were not up to date with the old provider. Suddenly, they should be well trained and educated with the new provider? Certainly, you need key experts to transition. But you do not want nearly all of them to transition to the new provider.

No literature was found, which confirmed this finding for ITO switching deals. However, Argote and Ingram (2000) found that when knowledge is transferred to another organisation than this knowledge is not instantly compatible (see section 2.5.7).

5.7 Transfer of key experts conclusion

Table 5-6 shows the CSFs and Table 5-7 shows the key risks for transfer of key experts.

Table 5-6 Transfer of key experts – critical success factors

Management capability/business activity	Critical success factors
Transfer of key experts	<ol style="list-style-type: none"> 1. Identifying and agreeing key experts who should transfer, early 2. Conducting a cost-benefit analysis for the key experts in scope for the transfer 3. Developing a key expert transition plan to ensure the right timing for the transfer 4. Quick integration of transferred key experts into the new provider organisation

Table 5-7 Transfer of key experts– key risks

Management capability/business activity	Key risks
Transfer of key experts	<ol style="list-style-type: none"> 1. Managing the transfer of key experts in an unprofessional way 2. The incumbent provider may try to transfer underperforming resources to the new provider while trying to transfer well performing resources to other accounts before the contract has ended 3. Transferred key experts will implement solutions, which were adequate for the organisation of the incumbent provider, but are not advisable for the organisation of the new provider

5.8 Mixed mode – temporary multi-sourcing findings

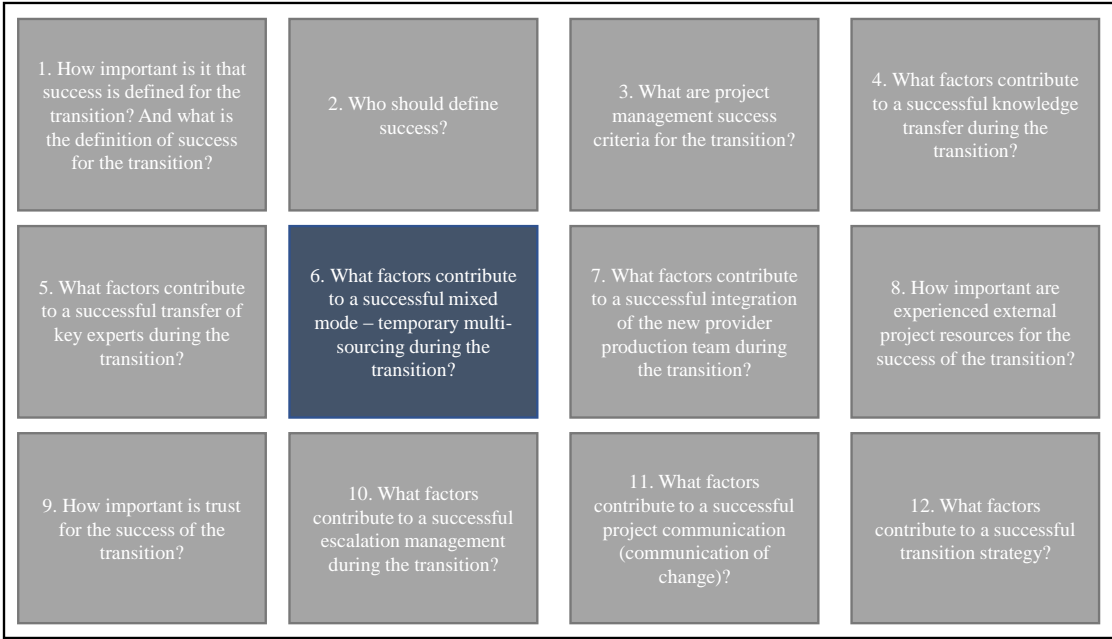


Figure 5-5 Research sub-question six

Research sub-question: When switching ITO providers - what factors contribute to a successful mixed mode – temporary multi-sourcing during the transition?

The answers to the research sub-question were analysed and compared with the final literature review. This has allowed the following conclusions to be drawn:

Planning temporary multi-sourcing in detail and ensuring that the planning is integrated in the project master plan

All research participants confirmed that a phase of temporary multi-sourcing, where the incumbent and the new provider provided IT services for the client similarly was necessary. All research participants found that temporary multi-sourcing was required for most of the overall transition period. Due to its enormous complexity, temporary multi-sourcing needs to be planned, in sufficient detail, at the beginning of the transition. The project plan needs to reflect the activities of all three involved parties. The temporary multi-sourcing plan needs to consider which processes need to be adapted and if interfaces of tools between providers need to be developed. For example, it can be important that an interface of a ticketing system needs to be developed, so that the ticketing system of the incumbent and of the new provider are interlinked, providing

the possibility that incident tickets can be routed between both providers. Cost planning is one major part of temporary multi-sourcing planning. It needs to be decided who will pay for costs, which arise due to temporary multi-sourcing. These costs often have not been calculated during the contract negotiation phase. Examples for costs, which were not previously budgeted, are process adaptations by the incumbent provider, interface development costs, additional workload of the incumbent provider. Pertaining to costs, there are often interests, which conflict with customer's objectives. The following research interviewee statements exemplify this:

Respondents	R ₂	Often, it is expected that providers will proactively define mixed mode processes. But this assumption may be naïve. Especially, if one assumes that the old provider would like to make additional money on its exit. And the new provider might want to generate additional business or to develop certain claims. Therefore, it is questionable whether the providers will adequately plan and design mixed mode processes.
	R ₁₅	There need to be rules defined how costs for such incidents will be charged, if this is not regulated by existing contracts. It is important that the customer is so powerful that the customer will enforce certain rules with the providers.
	R ₁₁	Maybe the old provider must develop new interfaces, or adapt old interfaces. Maybe the old provider is requested to adapt processes. This needs to be planned well in advance and budgeted.
	R ₁₆	In advance, mixed mode processes need to be clearly defined and agreed by all parties. This is important since this process can lead to tensions. If the mixed mode process is only defined on the fly, then this leads to quality problems. And probably also to reputation problems. Previously, it should be defined, clarified, and agreed who pays costs that are related to mixed mode. The old provider has provided services before the transition and now the provider is asked to perform service in the context of the transition and the mixed mode. This can lead to additional costs.
	R ₁₈	The phase of mixed mode must be kept as short as possible. For the mixed mode the relevant knowledge must have been transferred before the mixed mode has started. The mixed mode must be planned in detail before it starts. The mixed mode must not start unplanned.
	R ₁₁	Often, the customer does not want to define additional 50 pages of mixed mode processes and clear rules of how disputes are handled. This is because the customer just has agreed and signed a contract with the new provider. And usually mixed mode is not part of the contract. The customer does not want to invest extra money and time for the definition of mixed mode processes - which is emotionally understandable. However, this is rationally naïve.

The planning process, which focuses on temporary multi-sourcing, will likely reveal gaps, which are neither covered by the contract with the incumbent provider, nor by the contract with the new provider. If required, these revealed gaps need to be addressed by an additional temporary multi-sourcing contract. This view is supported by Andrews (2007) and Peterson et al. (2003) who recommended that customers should negotiate a contract for the temporary multi-sourcing situation (see section 2.6).

Estimating the effort required for managing temporary multi-sourcing, realistically

All research participants agreed that ITO clients and new providers underestimated the effort needed for managing the temporary multi-sourcing situation and the involved unbudgeted costs. This finding is in line with a conclusion made by Willcocks et al. (2011, p. 707), who found, comparing single provider deals with multi-provider deals that management costs, time needed to govern multiple providers, and measurement effort are increased in multi-provider deals. All research participants made it clear that if the retained organisation of the ITO client is responsible for managing the temporary multi-sourcing situation then additional work force support is required. The following research statements exemplify this finding:

Respondents	R ₁₃	Not only had we [client] to manage transition subprojects, but we also needed to manage two providers at the same time. Moreover, our own management held us responsible for the underperformance of both providers. But how can you manage a complex transition and manage two providers without any additional staff.
	R ₅	No one in our client organisation expected that we would be responsible for managing two providers at the same time. We had not the work force to do this. It can be very frustrating if your work is subpar on all levels. All of us had to work overtime. Always close to a burnout. If you cannot do this yourself then you need external support. But then again, management just wanted to reduce costs.
	R ₇	Calculating the business case, we have not considered the extra costs for the temporary multi-sourcing and for the duration of the required external resources. We budgeted external resources, yes. We did not expect that the transition would take thirteen months longer than originally expected.

Reducing temporary multi-sourcing complexity and duration

Temporary multi-sourcing brings a high complexity, which can endanger business continuity. The customer and the new provider often underestimate this complexity and its actual and potential negative business impacts. Twenty research participants confirmed this success factor. The following interviewee statements exemplify this finding:

Respondents	R ₁₇	One major question for mixed mode is how services can be bundled together, so that complexity is reduced. If there is too much complexity during the mixed mode, this can result in a bad project atmosphere. Since the old provider may communicate to the customer that the new provider is not able to perform a stable service. If complexity is not taken into consideration early enough the mixed mode get so complex that it is not possible to be handled at all. If the level of complexity is too high then this will result in overall delays for example in incident or service fulfilment handling.
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R ₃	It is often the case that one server is migrated to the new provider and other servers are still with the old provider. This must be a deliberate decision and it has to be assessed if this results in additional complexity, which could be circumvented.
R ₁₁	Another example for mixed mode is: The desktop service [e.g. PCs, laptops, printers] is already in the responsibility of the new provider. However, the desktops need to connect to application servers, which are still serviced by the old provider. And at the same time the firewall still belongs to the old provider. The difficulty is that often no one anticipates the issues that result from this complexity which then brings additional issues. Try to reduce complexity as much as possible. Try to shorten the period of multi-sourcing. You need to be very experienced to manage this type of project.

This finding is also confirmed by Herz et al. (2012) who researched multi-sourcing in international insurance companies (Table 2-9). Therefore, an overall transition strategy, which reduces the duration and the complexity of the multi-sourcing situation should be developed and pursued.

Implementing an effective IT governance

Nineteen research participants confirmed that an effective IT governance needs to be implemented. This finding is in line with the findings of Beulen, Tiwari, et al. (2011, p. 207) who researched the performance of transitions in ITO offshoring deals and the findings of L. Cohen and Young (2006) who researched multi-sourcing. An effective IT governance needs to consist of boards, meetings, and defined roles and responsibilities. Therefore, a governance structure with necessary boards and meetings, and roles and responsibilities needs to be implemented or adapted. Nineteen research participants suggested that the following meetings are required: strategy board meeting, commercial and contract meeting, tactical service management meeting, operational management meeting.

Strategic board meeting

Nineteen research participants indicated that regular strategic board meetings can play an important role for the success of the transition. The tone between the top management of the three involved parties can massively affect the tone of the whole transition. Even, when it can be assumed that the relationship between the ITO client and the incumbent provider is damaged due to the change of providers, the ITO client could try to maintain the relationship to some extent. For this, a respectful interaction is essential. There will be many operational conflicts and escalations during the transition, also between the ITO client and the new provider. A strong relationship on top management level

between those two parties can be essential, so that both parties focus not on the escalations but on conducting a successful transition.

Commercial and contract meeting

Nineteen research participants concluded that during the transition period additional costs, which have not been budgeted, arise. These costs often need to be analysed and discussed by dedicated experts before a commercial decision can be taken. Additionally, interviews have shown that typically the contract between the ITO client and the new providers needs often to be amended during the transition. Often, relatively quick decisions are needed so that the transition will not be delayed.

Tactical service management meeting

Eighteen research participants suggested that a regular service management meeting is required where service management topics can be discussed, addressed and decisions can be taken. The meeting agenda should address service levels and operational issues, which could not be solved in the operational management meeting. Typical attendees should be the service management of the client service organisation, the new provider, and when required the incumbent provider. This meeting can be an ideal platform to escalate service level breaches, to initiate service improvement activities, and control the effectiveness of service improvement activities. If services are not delivered as required then tactical service management can escalate to project management and to the strategic board.

Operational management meeting

Nineteen research participants concluded that an operational management meeting is required. The operational management meeting meets several times a week to discuss operational issues. The ITO client should chair this meeting and both providers should be part of the meeting. Typical agenda topics are operational incident management, change, and order management issues. This meeting can be a good platform to discuss and escalate operational issues. If issues cannot be solved on the operational level then they need to be escalated to the tactical service management meeting.

Roles and responsibilities need to be defined and implemented or adapted so that IT governance can be effective. The defined roles should be mirrored. This means there should be for example an incident manager on the ITO client side and an incident

manager on the new provider side. The same goes for all other essential processes such as change management, configuration management, order management, etc. In case of operational process issues, the responsible roles should interact to manage these issues. For example, the ITO client incident manager should interact with the ITO new provider incident manager. When required the corresponding roles of the incumbent provider should be involved by the ITO client. The following research participant statements exemplify this:

Respondents	R ₁	We have already spoken about contract management. From the customer perspective governance is important. The customer needs a defined mechanism to govern, this means to manage, both providers during the transition. But not only to manage the providers but to interact with them. Typically, this will be done on three different layers. You will have the strategic layer where the CIOs interact. You have the tactical layer where the account managers and the provider managers interact. And finally, you have the operational level where operational managers interact. Often, all is framed or supported by the financial level. It is important that at the beginning of the transition these levels are defined. It needs to be defined who is responsible for what. The meeting frequency needs to be agreed. The high-level agendas need to be agreed. Without an effective governance, it would be impossible to manage the transition to a new provider.
	R ₉	Critical for the success is the implementation of an adequate IT governance. If you switch ITO providers, you don't need to implement IT governance structures from scratch but the existing structures need to be adapted. The structures need to be adapted so that the customer can govern the new provider. Part of the adaptation is that roles need to be defined or re-defined. It needs to be clearly defined who will talk to whom, when, and how.
	R ₁₂	For each process there needs to be a process owner. The process owners meet on an operational level. For example, the incident managers from the customer meets with the incident manager from the new provider and when required with the old provider. For example, the change managers need to meet as well.
	R ₁₅	During transition, the new provider and the customer will find out that the contract needs to be amended. New services need to be added or changed and there need to be an official process for this. Often, contract changes have commercial impacts and these changes have to be officially agreed in a contract or commercial board.

Define and implement a dedicated incident management process for temporary multi-sourcing

The complexity of managing incidents during the temporary multi-sourcing situation is highly increased. In complex incident situations, it is often not possible to determine the root cause for the incidents quickly. It can take a long time to find out which party is responsible for solving the incident. This can negatively affect business stability, since this can mean that the effected IT service is not available. Nineteen research participants confirmed this CSF. The following statements exemplify this finding:

Respondents	R ₉	Let us take an example. There is a worldwide LAN, which is already transferred to the new provider. And there are application servers, which are still serviced by the old provider. Now, there are connection issues. The connection to the application is much slower. What is the root cause of the incident? And who is responsible for identifying it.
	R ₁₀	And even with a simple example where databases have been transferred, it is difficult to determine who is responsible for the incident and who is responsible for the SLA. In this example, the new provider is already responsible for the databases but the network is not yet migrated. In case of a database incident, it needs to be clarified whether there is an issue with the network, or if there are performance issues. Then, the next question is what has led to the performance issues? Are the issues based on the network, or the database itself? In such a case, neither of the service provider will guarantee service levels.
	R ₁₈	Either there is an agreement between all parties to work jointly on mixed mode incidents, or this will not work. For such incidents a technician may need to solve the issue onsite and the technician may need to arrive. Is a technician by the old provider or the new provider required? Then the technician may find out that he or she has no longer access to specific systems, networks, firewalls because they still belong to the old provider or not yet to the new provider.
	R ₁₇	If you have an incident in a complex mixed mode situation then there is a high risk that you do not find out who is responsible for this incident. You need a comprehensive configuration management database which shows who has the responsibility for which configuration item.
	R ₃	An example from the incident management: If the old provider provides certain services and the new provider provides other services, then there are important questions to be answered. Who is responsible for handling the incident? Who is accountable for the incident? Where will the incidents be opened? How do both providers communicate? Maybe the new provider is responsible for the service desk, but the old provider still needs to open incidents for configuration items that belong to the old provider.

Therefore, an incident process needs to be developed and implemented which addresses these multi-sourcing challenges. This finding is supported by Andrews (2007) (see section 2.6). It is important that there is a defined party, which is overall accountable for managing the incidents. This party needs to be accountable even for incidents where it is unclear who is responsible for solving them. This finding is exemplified by the following interviewee response:

Respondents	R ₁₅	It is important that one party is responsible for handling the overall mixed mode incident process. If there is no clear responsibility then there is a high risk that incidents will be routed back and forth between the providers. And it will be very difficult for the customer to control such incidents which are routed back and forth because the customer often lacks the time and sometimes also the knowledge to do so.
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The requirement to collaborate should be contractually agreed by the providers. This finding is supported by the research of Paulo and Galvao (2012) (see section 2.6). The foundation for an effective multi-sourcing incident process is an up-to-date configuration management database. This database needs to show which provider services which configuration items (such as desktops, servers, network services, etc.).

Keeping the configuration management database up-to-date during transition from the incumbent provider to the new provider is an enormous task since a vast amount of configuration items change within a short period.

Joint collaboration between all three parties during temporary multi-sourcing

It is critical for the success of the temporary multi-sourcing phase that all three parties work jointly together. Nineteen research participants agreed this CSF. The importance of collaboration of providers in a multi-sourcing outsourcing situation for the success of outsourcing (Andrews, 2007) was highlighted in the literature. This view is supported by the following research participant answers:

Respondents	R7	Especially for the mixed mode is important that all three parties work jointly together. And no party should blame the other party and no party may say: "No, it is your fault. No, that is your incident. No, I do not approve your change." The three parties can easily block each other and slow down the complete transition.
	R7	It is certain that there will be a mixed mode. Maybe not for each individual service, but for the overall service chain. And here it is important that both providers work jointly together. They need to be managed and controlled by a customer entity. Maybe the mixed mode need to be contractually agreed.

However, there is the risk that the incumbent provider is unsupportive during this phase. This finding is also supported by the reviewed literature which indicated the risk that providers in a multiple provider situations do not work hand in hand with the objective to jointly achieve customer's goals (Andrews, 2007), but work for the achievement of their own goals (Peterson et al., 2003). A clear communication strategy can mitigate temporary multi-sourcing shortcomings to a certain degree. The following interviewee statements exemplify this finding:

Respondents	R9	Communication is critical for the success of the mixed mode processes. It needs to be communicated who is responsible when for what service. It needs to be clearly defined which information needs to be communicated to all three parties so that the mixed processes can be performed. With a good mixed mode communication, possible process weaknesses can be quickly compensated or errors can be quickly corrected.
	R17	Communication between all three parties [new provider, old provider, and customer] is essential for success. And here not only at management level but also at the operational level. This allows the effected teams at the operational level who are responsible for performing mixed mode processes to know what they need to do.
	R15	It is important that clear communication rules are established for the mixed mode processes so that occurring difficulties, and they will occur, can be quickly corrected, and

	a stable mixed mode can be achieved. My experience is that communication in mixed mode is a critical success factor.
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Agreed service levels can neither be achieved nor enforced during temporary multi-sourcing

The complex temporary multi-sourcing phase can lead to a period where it is not always possible for the providers to deliver services, which match the agreed service level agreements. Additionally, the customer cannot enforce these service levels since it is not always clear who is accountable for the degraded service. Nineteen research participants confirmed this risk. The following interviewee statements exemplify this finding:

Respondents	R ₂₁	During mixed mode, there can often be many different reasons for the violation of SLAs [Service Level Agreements]. The application may not work due to server issues. But these issues can also result from the network. Or these issues can be a result of certain application interfaces which are not available. This is a complex situation where providers tend to claim that the incident is not their fault.
	R ₃	When for example the network has been transferred [from the old provider to the new provider], then the old provider who is responsible for the desktop services, such as PCs and printers, has an interface to the new provider. This means that the old provider must adapt its processes to the processes of the new provider. And then, if there is a desktop incident, it is not automatically clear who is responsible for this incident. This often results in lengthen incidents resolution times and the breakage of SLAs.
	R ₄	It must be recognised that the end-to-end SLAs cannot be measured any longer in mixed mode.
	R ₁₆	During the transformation you will have a period where neither the agreed service levels with the old provider can be achieved nor with the new provider. The old provider can usually claim that it was not possible to reach service levels due to the transformational activities. And the new provider needs some time before the provider is able to deliver services as required. This can be a dangerous period for the business.

5.9 Mixed mode – temporary multi-sourcing conclusion

Table 5-8 shows the CSFs and Table 5-9 shows the key risk for mixed mode – temporary multi-sourcing.

Table 5-8 Mixed mode – temporary multi-sourcing – critical success factors

Management capability/business activity	Critical success factors
Mixed mode – temporary multi-sourcing	1. Planning temporary multi-sourcing in detail and ensuring that the planning is integrated in the project master plan

	<ol style="list-style-type: none"> 2. Estimating the effort required for managing temporary multi-sourcing, realistically 3. Reducing temporary multi-sourcing complexity and duration 4. Implementing an effective IT governance 5. Define and implement a dedicated incident management process for temporary multi-sourcing 6. Joint collaboration between all three parties during temporary multi-sourcing
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Table 5-9 Mixed mode – temporary multi-sourcing – key risk

Management capability/business activity	Key risk
Mixed mode – temporary multi-sourcing	1. Agreed service levels can neither be achieved nor enforced during temporary multi-sourcing

5.10 Integration of new provider production team findings

1. How important is it that success is defined for the transition? And what is the definition of success for the transition?	2. Who should define success?	3. What are project management success criteria for the transition?	4. What factors contribute to a successful knowledge transfer during the transition?
5. What factors contribute to a successful transfer of key experts during the transition?	6. What factors contribute to a successful mixed mode – temporary multi-sourcing during the transition?	7. What factors contribute to a successful integration of the new provider production team during the transition?	8. How important are experienced external project resources for the success of the transition?
9. How important is trust for the success of the transition?	10. What factors contribute to a successful escalation management during the transition?	11. What factors contribute to a successful project communication (communication of change)?	12. What factors contribute to a successful transition strategy?

Figure 5-6 Research sub-question seven

Research sub-question: When switching ITO providers - what factors contribute to a successful integration of the new provider production team during the transition?

The answers to the research sub-question were analysed and compared with the final literature review. This has allowed the following conclusions to be drawn:

Early involvement of the new provider production team

Typically, providers have two different teams who conduct the transition. One team is the so-called transition team and one team is the production team. Members of the transition team leave the transition, when they have successfully implemented their deliverables. The production team is responsible for delivering the IT services during the entire contract period. If transition team members leave the transition without having successfully transferred the respective knowledge to the production team, then this can result in various issues. An early involvement enables the production team of the new provider to understand the implemented services and processes in sufficient detail. It is important that the production team knows which are the most critical services for the customer, so that the production team is quickly able to provide services to the customer as required. This is in line with the findings of Berger and Hatton (2013, p. 265) who, when researching the outsourcing of user support, concluded that organisational knowledge is a prerequisite for many outsourced activities. An early involvement, of the production team during transition, increases the likelihood that services and processes are implemented by the transition team in a way that these are operable by the production team. Eighteen research participants agreed that the early involvement of the provider production team is a CSF. The following interviewee statements exemplify this finding:

Respondents	R ₁₂	It is very important that the production team understands the services it will provide for the customer. The production team needs to understand which the critical customer applications are. It needs to understand if there are any special agreements. It will be of great advantage if the new provider understands, at least partly, the old business logic, so that the production team is able to comprehend these complex relationships. It is important that the production team is involved early in the transition. If the production team is not involved early, then this can lead to a situation where the transition team builds up an IT-landscape, which cannot be run within the constraints of defined service levels and costs. In the worst case, this leads to a situation where the transition cannot be completed because production does not accept the handover from transition.
	R ₂₁	The transition team of the new provider must involve the future operations team very early during the transition. It needs to be made clear for the future operations team, that not only a few additional configuration items such as servers are migrated but that there is a complete new customer. If the operations team is not prepared to take over the responsibility from the transition team, then this is a significant delay factor. A successful handover to operations may be a key success factor for the whole transition.
	R ₂₀	It is critical for the success of the transition that the operational units will be integrated early into the project. This is because transition team members often leave the customer at the end of the transition. This can lead to massive confusion if the transition team has not handed the services and processes over to operations officially. Handover to operations is a major and critical milestone.

Implementing critical IT service processes before IT service production by the new provider starts

Critical IT-service processes such as incident management, change management and configuration management need to be implemented before the new provider starts to provide IT services for the customer. Eighteen research participants confirmed that this is a CSF. The following statements exemplify this finding:

Respondents	R ₁₄	For the handover to production it is critically important that key IT services procedures such as incident, change and to a certain degree configuration management are implemented. Otherwise, there is an incident for a business critical network component and the failed component cannot be fixed since the incident process is not ready for that.
	R ₁₅	Our experience was that the new provider was suddenly responsible for our network, but it had not implemented processes like incident, change, and configuration to a required level. This led to serious issues.
	R ₁₉	There need to be a certain set of processes ready before the new provider can start IT service delivery. If the incident process is not ready, then how do you handle incidents?
	R ₆	You must have implemented a certain set of processes such as incident, configuration and change management before you can start service production. If these processes are not implemented then service production cannot be successful. You lose trust from day one.

Although, this seems to be logical, various research participants experienced that key processes, such as incident, change, and configuration management processes, were not fully implemented as required by the ITO client. This resulted partly in serious business issues, because faulty IT services could not have been fixed in time as required.

Conducting a structured handover from the new provider transition team to the new provider production team

The handover process ensures that services and processes are handed over from the new provider transition team to new provider production team in a structured way. It is important that the transition team transfers all required knowledge to the production team. Eighteen research participants confirmed this CSF. The structured handover process enables the production team to ensure that services and processes are implemented as required and defined by the contract. Additionally, it ensures that, through the transfer of knowledge, the production team is enabled to provide IT services as required. Responsible transition team members should only be allowed to leave the project after the respective quality gates have been successfully passed. Sufficient time

need to be scheduled for the handover due to the required effort. The following statements exemplifies this finding:

Respondents	R ₁₂	Handover to operations is the crucial point in any transition project. The handover to operations is often underestimated or simply forgotten. The project staff will disappear and head to a new project. And then the big question is who operates what. And the handover from transition to operations is quite resource intensive in terms of time and costs.
	R ₁₅	Transition ends where production begins. This means, that key areas such as governance, project management, knowledge transfer must always consider the handover to production. Because the money is not made during transition but during production. This means that the transfer of knowledge from the transition team to the production team is essential. This means that the future production team needs to be integrated early during the transitional phase.
	R ₈	The handover from transition to production is very important. Specifically, this means that services and processes which are transferred from transition to production need to pass quality gates. This quality process ensures that the designed services work as designed and that the operations team is able to run them.
	R ₂₁	It must be explained early to the operations team who subsequently will operate the systems what is expected of them. At the same time, it must be ensured with operations that the developed processes can be operated by them. Additionally, operations must develop an integration approach for the resources that switch from the old provider to the new one.

Identifying, addressing, and resolving conflicting objectives between new provider transition team and new provider production team

There can be contradictory objectives between the transition and the production team that can lead to conflicts. Research participants provided examples for potentially different objectives such as that transition team members plan to leave the transition quickly while production team members do not want that the transition team leaves quickly. Another typical example provided by research participants for potential conflicts is that transition team has implemented IT services and/or processes, which are not fully known to the production team. A further example provided by research participants is that transition team members have a different view of what 'fully' implemented means. This can lead to services and processes, which do not fit the required production standard. These deviations from the standard can lead to re-design requests by the production team and conflicts with the production team, which ultimately can lead to delays. The following statements exemplify this finding:

Respondents	R ₄	Regarding the handover to production there are often conflicting interests. The objective of the responsible transition manager is to build up the services quickly. And the transition manager has certain deadlines to fulfil and there is a certain amount of pressure. Often, the responsible transition manager wants to handover the services to production as quickly as possible. And this leads to a stonewalling attitude. And then maybe the production team finds out that the transition team has designed services and processes which do not fit the standard of the production team. And then the production team demands a redesign. This leads to additional costs and delays.
	R ₁₄	It is always the same. The transition teams wants to leave quickly. And the production team do not want them to leave quickly. There is always a conflict of interests.
	R ₈	My experience as customer is that I have agreed nearly everything with the transition team and then the production team did not accept what was agreed. Then the legal department needed to be involved. Then there were discussion of what needed to be delivered based on the contract. But the contract were not this detailed and the implementation of important processes were delayed. This was highly frustrating.

This means that conflicting objectives between transition and production team need to be addressed, and resolved early. Sixteen research participants confirmed this success factor.

5.11 Integration of new provider production team conclusions

Table 5-10 shows the CSFs and Table 5-11 shows the SSF for integration of new provider production team.

Table 5-10 Integration of new provider production team – critical success factors

Management capability/business activity	Critical success factors
Integration of new provider production team	<ol style="list-style-type: none"> 1. Early involvement of the new provider production team 2. Implementing critical IT service processes before IT service production by the new provider starts 3. Conducting a structured handover from the new provider transition team to the new provider production team

Table 5-11 Integration of new provider production team – secondary success factor

Management capability/business activity	Secondary success factor
Integration of new provider production team	<ol style="list-style-type: none"> 1. Identifying, addressing, and resolving conflicting objectives between new provider transition team and new provider production team

5.12 Experienced external project resources findings



Figure 5-7 Research sub-question eight

Research sub-question: When switching ITO providers - how important are experienced external project resources for the success of the transition?

The answers to the research sub-question were analysed and compared with the final literature review. This has allowed the following conclusions to be drawn:

Early involvement of experienced external project resources

Eighteen research participants confirmed that the early involvement of experienced external project resources is a CSF. The customer’s retained organisation is in the best case optimised for typical daily operations (see section 2.3.2), but not for the support of a transition to a new provider. The transition to a new provider is highly resource intensive and requires specialised transition expertise. Therefore, external experienced resources are often required. This is in line with a finding of Barthélemy and Adsit (2003) who suggested to hire external experts as they know the hazards of outsourcing and how these hazards can be successfully managed. Additional costs for external experts may be justified in relation to the potential impact of the hidden costs (Barthélemy & Adsit, 2003, p. 94). Ideally, the resources should have ITO provider switching experiences, because of the special challenges posed by these kind of

transitions. The required resources need to be available from the start of the transition, which presupposes that the necessary resources are recruited early. It is important that the customer critically assess which tasks external resources can perform and which tasks need to be done by internal resources. Some tasks require customer-internal knowledge to be effectively performed.

When ITO providers are switched, there is a high potential for conflicts. There are many reasons for conflicts such as reduced service levels, a potentially hostile strategy by the incumbent provider, and unplanned costs, which can arise for all three involved parties. In a worst-case scenario, these conflicts result in an unsuccessful transition. An unsuccessful or only partly successful transition can be highly expensive and can endanger the business continuity of the customer. However, even without the occurrence of the worst-case scenario, conflicts can result in legal conflicts, additional costs, and a slowdown in the progress of the transition. An experienced external mediator can potentially mitigate these conflicts. The following statements exemplify this finding:

Respondents	R ₁₀	But the customer needs experienced external resources. Because, I have seen external people who can write excellent to-do lists but that is not what is required. The customer needs external resources who are experts and are able to perform a substantive controlling. The external resources are required to actively think and they need to know where the pitfalls are when provides are changed. External resources that can provide this type of support are usually extremely expensive.
	R ₆	Usually, the retained organisation has been greatly reduced in terms of headcount during the first outsourcing. The retained organisation has been kept very small and was not recognised as an important factor. The customer often only realise at a later date how important this retained organisation is for managing the provider. And the staff from the retained organisation has often not this type of transitional experience needed to manage the transition. Therefore, external support is required.
	R ₁₉	Sometimes it can be sensible to hire a mediator. This is a role that usually does not exist. But this role can be helpful and necessary. Especially, if costly legal conflicts can be avoided this way.
	R ₂₀	Each involved party has its own view and sometimes even conflicting objectives. And then the discussion starts about costs and technology. But also important are the interpersonal things. And if the interpersonal things are not recognised then these can lead to conflict. And here I recommend a psychological consultant or a mediator. And this external mediator can then start to bring all needed parties to the table.
	R ₁₆	The customer needs additional staff for the transition. The customer should hire additional staff before the transition begins. Because otherwise the customer organisation has a triple burden which is the management of two providers and the incorporation of additional resources. Often, these additional resources will be external resources since they are only needed for the transitional period. Ideally, these resources have experience with similar projects.

Hiring independent external resources

Eighteen research participants indicated that the hired external resources should be independent and should not come from an outsourcing provider due to the fear that intellectual property can be transferred to an opponent. The following statements exemplify this finding:

Respondents	R ₁₉	Usually the customer has not the necessary own resources to conduct a transition. Therefore, it is good advice that the customer requests support from an external and independent consultancy. It should be a consultancy, which does not provide IT-outsourcing services itself. If the customer would hire a consultancy, which also provides IT-outsourcing services, then the old and the provider would not accept this consultancy because of the fear to lose intellectual property to an opponent.
	R ₂₀	These type of transitions will usually require nine to eighteen months for the overall completion. For this period, the customer will not be able to cut resources out of its organisation. The customer will need a core team of five to fifteen people who are involved in the transition full time. This means that the customer needs resources from the external market and these resources should not come from the provider.
	R ₁₈	The needed knowledge for such transitions is often not available in house for the customer. Often, the management of the customer underestimates the complexity of transitions for changing providers. A major risk is that the customer thinks that all its problems have also been outsourced with this change of providers. But maybe there is the possibility that its retained organisation is not optimally designed. Here, external resources can support the customer and transfer the needed knowledge.

Underestimating the complexity of switching providers and underestimating resource requirements

There is a risk that customers underestimate the complexity of switching providers. ITO clients tend to underestimate the amount of resources required and the capabilities of the resources they require for successfully switching ITO providers. Twenty research participants confirmed this risk. The following interviewee statements exemplify this view:

Respondents	R ₅	My experience shows that the customer often underestimates the characteristics of a provider change. Customer are often of the opinion that the change of provider is as simple or as complex as the initial outsourcing. This might be true for small outsourcing deals, but not if we talk about outsourcing deals which are bigger than 100 million euros. The customer usually has not the capacity to conduct such a transition without external expertise.
	R ₇	Customers often anticipate that switching the provider is as simple or as difficult as the first outsourcing was. This anticipation is wrong. The customers suddenly needs to manage two providers at the same time for the period of transition or transformation. Often, the old provider is somehow hostile or unfriendly to the new provider. Some customers even think that the switch to the new provider is even simpler since the

		customer has now the necessary outsourcing experience. But there is a major difference if you outsource for the first time or if you switch providers.
	R ₁₈	Often, this decision to switch outsourcing providers comes from top management. Often, the reason is to reduce costs. Then top sales teams of potential providers present very tempting offers. Costs will be reduced by thirty percent. The transformation can be performed within ten to twelve months. And all without any additional risks or only with manageable risks. And if the top management of the customer buys these sales pitches then they are doomed for a rude awaking. But this awaking does not come before the honeymoon period is over. Then top management realises the actual resource requirements.

5.13 Experienced external project resources conclusion

Table 5-12 shows the CSF, Table 5-13 shows the SSF, and Table 5-14 shows the key risk for experienced external project resources.

Table 5-12 Experienced external project resources – critical success factor

Management capability/business activity	Critical success factor
Experienced external project resources	1. Early involvement of experienced external project resources

Table 5-13 Experienced external resources – secondary success factor

Management capability/business activity	Secondary success factor
Experienced external project resources	1. Hiring independent external resources

Table 5-14 Experienced external resources – key risk

Management capability/business activity	Key risk
Experienced external project resources	1. Underestimating the complexity of switching providers and underestimating resource requirements

5.14 Trust findings



Figure 5-8 Research sub-question nine

Research sub-question: When switching ITO providers - how important is trust for the success of the transition?

The answers to the research sub-question were analysed and compared with the final literature review. This has allowed the following conclusions to be drawn:

Facilitating a trusting relationship between the customer and the new provider

Nineteen research participants confirmed that that it is critical for the success of the transition that a trusting relationship between the customer and the new provider is facilitated. A trustful relationship between the customer, the incumbent, and the new provider would be an ideal condition for achieving a successful transition. However, the incumbent provider often views the termination of the ITO contract as a breach of trust. The trustful relationship between the customer and the new provider is essential for the success of the transition. It is impossible to govern all eventualities within the contract between the customer and the new provider. A trustful relationship can help to bridge these gaps. The absence of trust can have major negative consequences on the overall transition performance. Negative effects are for example the restriction of

necessary information transfer from the customer to the provider or vice versa. Trust is a critical prerequisite for important activities such as knowledge transfer. If trust is missing than the service provided by the new provider may be subjectively perceived as bad, even if it is actually good. The following statement exemplifies this view:

Respondents	R ₁₃	Lack of trust results often in a poor customer satisfaction, independent of the true performance. This means the actual provided service might be objectively good but it is still perceived as bad service by the customer.
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The absence of trust and the presence of distrust can lead to situations where the new provider needs to explain and justify all performed tasks to the customer. This can lead to an overall slow-down of the transition and will then ultimately lead to delays and to additionally costs. This finding is supported by for example Sabherwal (1999) who researched the outsourcing of IT development projects (see section 2.3.1). The following research participant statements exemplify this view:

Respondents	R ₉	It is vitally important that the customer trusts the new provider. Trust between the organisations is essential but trust between the responsible programme managers from both organisations is even more important. Why between organisation? For example when the new order management process is implemented. And then the customer orders something but the delivery is delayed due slight order process errors. Even then, the customer should trust the capabilities of the provider and both parties should jointly work to improve the process. Because if trust is missing, then every little mistake will be criticized and the 95% that have worked well will not be seen. And for the 5% which does not work will consume all the energy of both parties.
	R ₂₁	If there is no trust then this means everything needs to be legally agreed. And if you really want to agree everything legally then you will be probably busy for years. Most outsourcing contacts are so spongy defined because it is just not possibly to define everything in a perfect and waterproof way. And all these existing gaps need to be addressed in a trustful way and with all the business experience of the customer and the new provider. You just do not want to address everything legally or in court.
	R ₁	If there is no trust then there will be endless and often fruitless discussions. Then there will be delay tactics and each party will retreat to positions, which the party think are covered by the contract. Then the people on all sides get mad. People may leave because they simply state that they do not accept unprofessional behaviour any longer. The importance of trust is often underestimated. People and not contracts need to interact. The importance of trust is simply underestimated. Often, people are relying on technique or on the contract but it will not be considered that people need to interact.
	R ₁₈	If there is a lack of trust, then information will be retained [by the customer] even though this information might be very important for the provider. This information is held back because the customer is not sure if the new provider will handle the information properly. Then new the provider gets only partial information, which complicates the work.
	R ₁₉	Trust has always something to do with how constructively all three parties work together. The way in which the involved parties treat each other will influence if and how much trust will develop. For this type of large-scale transitions, trust is essential for the success.

		Trust is important since during the mixed mode, or early in transition most of the processes will not yet work as they are designed to work. However, usually these processes will be improved over time. Therefore, in this phase the customer needs to trust that the new provider knows what to do and that all will work out as designed, eventually. This is often very difficult during this phase. There are several reasons for this. One is that the termination of the contract with the old provider can be interpreted as a breach of trust.
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Since trust is so important for the success of the transition, trust needs to be systematically facilitated. Conducting joint team events can assist the building of trust. Research participants regarded it as important for the building of trust, that the project team of the customer and the new provider have the opportunity to shares team rooms. The following research participant statements exemplify this:

Respondents	R ₇	The management level of the customer and the new provider should also demonstratively show solidarity. Furthermore, employees of at least the customer and the new provider should share project rooms over an extended period, since this can leads to mutual trust. Trust builds faster this way as if employees would always sit in different rooms.
	R ₈	It is important that all three parties meet and work more or less constantly together. Only this makes trust possible in the first place. If there is no trust between the parties, then each action is repeatedly questioned. Therefore, trust has a significant effect on the speed of the transition.
	R ₁₁	If the new provider and the customer meet only from time to time it will take much more time for trust to build. Therefore, it is important that there are project team rooms where the customer and the new provider has the chance to work constantly together.

Incumbent provider may conduct hostile strategies to purposefully disrupt trust between the customer and the new provider

There is the risk that the old provider systematically tries to disrupt the building of trust between the customer and the new provider. Eighteen research participants agreed on this risk. This finding is exemplified by the following interviewee answers:

Respondents	R ₂	The new provider must be very careful. The new provider should always keep in mind that the old provider might conduct a hostile strategy. This will lead to tensions and there will be tensions between the new provider and the customer. The new provider has won the outsourcing deal at a competitive price and the customer has learned from the first outsourcing deal that there will be always additional costs for the transition. If there is a lack of trust between the customer and the new provider then the customer will always question additional costs when they arise even if there are valid reasons for the additional costs. Of course, the customer will claim that there is trust – but the trust often will be fragile.
	R ₁₇	Often, the old provider will pursue some way of hostile strategy with the goal to disrupt the trust between the new provider and the customer. This is because the new and the old provider pursue fundamentally different interests.

	R ₄	The old provider has summarised the major risks and examples of bad performance of the new provider and has send them to our [customer] top management. The old provider has done this systematically and regularly.
	R ₁₁	They [old provider] had hired an exit manager who was responsible for managing the exit of the old provider. It seemed that one of the objectives of the exit manager was to disrupt trust between the new provider and the customer.

5.15 Trust conclusion

Table 5-15 shows the CSF and Table 5-16 shows the key risk for trust.

Table 5-15 Trust – critical success factor

Management capability/business activity	Critical success factor
Trust	1. Facilitating a trusting relationship between the customer and the new provider

Table 5-16 Trust– key risk

Management capability/business activity	Key risk
Trust	1. Incumbent provider may conduct hostile strategies to purposefully disrupt trust between the customer and the new provider

5.16 Escalation management findings

1. How important is it that success is defined for the transition/transformation? And what is the definition of success for the transition/ transformation?	2. Who should define success?	3. What are project management success criteria for the transition/transformation?	4. What factors contribute to a successful knowledge transfer during the transition/transformation?
5. What factors contribute to a successful transfer of key experts during the transition/transformation?	6. What factors contribute to a successful mixed mode – temporary multi-sourcing during the transition/transformation?	7. What factors contribute to a successful integration of the production team during the transition/transformation?	8. How important are experienced external project resources for the success of the transition/transformation?
9. How important is trust for the success of the transition/transformation?	10. What factors contribute to a successful escalation management during the transition/transformation?	11. What factors contribute to a successful project communication (communication of change)?	12. What factors contribute to a successful transition/transformation strategy?

Figure 5-9 Research sub-question ten

Research sub-question: When switching ITO providers – what factors contribute to a successful escalation management during the transition?

The answers to the research sub-question were analysed and compared with the final literature review. This has allowed the following conclusions to be drawn:

Implement a comprehensive escalation strategy

There are many reasons for conflicts and escalations in ITO provider switching projects. Research participants suggested that if key risks materialise that this can lead to conflicts and escalations. Research participants suggested that if CSFs and SSFs are not achieved that this also leads to conflicts and escalations. Therefore, a comprehensive escalation strategy needs to be developed and implemented at the beginning of the transition. Nineteen research participants confirmed this CSF. The escalation strategy needs to include all parties involved and integrates all levels from the bottom level (project member) to the top level (CIO/CEO). The escalation strategy needs to define escalation roles and describe who will escalate to whom. Moreover, the strategy needs to define for what type of circumstances an escalation is justified. This is important, since escalations can be highly resource binding and if there are too many parallel escalations then this can negatively affect the overall transition performance. The following interviewee statements exemplify this view:

Respondents	R ₁₂	Issues should always be solved on working or team level, if possible. Escalations should always be only temporary solutions. If escalations are misused and they become part of the daily routine then they will quickly lose their effectiveness. If there are too many escalations, especially in such a complex trilateral construct, then this has the potential to slow down the complete transition. Since complex escalations, are often resource binding, this can lead to the situation where employees do not work according the agreed project plan but are busy solving or supporting the escalation.
	R ₁₁	In our transition the first stage of the escalation process, the part project managers were responsible for solving the problem or escalation. If this did not work then the escalation went up to the programme management level. And when this did not work then the escalation goes to the steering committee and then to the board level, eventually. And so you have a simple but effective escalation process defined. Most issues should be solved at working level because if a solution is enforced from top management then this often results in a loss of face.
	R ₁₁	The customer is definitely accountable for designing the escalation process. My recommendation is that there should be escalation managers named for all three parties.
	R ₁₉	It has to be described what kind of incidents or issues will lead to the next step on the escalation ladder. Then, roles and corresponding names need to be defined for all three parties and these roles need to be defined up to CEO-level.

Deescalating conflicts where possible

Nineteen research participants agreed that it is critical for the success of the transition that conflicts should be deescalated where possible. Escalations are an important mechanism to focus management attention temporally on important project issues with the goal to resolve the addressed issues successfully. However, if escalation communication is permanently too harsh and escalations are not deescalated eventually then this can lead to a permanently damaged relationship. Ultimately, unresolved escalations can result in costly legal disputes. Thus, mediating escalation communication qualities are conducive for a successful management of escalations. The following research participant statements exemplify this finding:

Respondents	R ₁₆	If top management conflicts between the involved parties are not deescalated, these conflicts can eventually result in legal conflicts.
	R ₁	It is very important that effective escalation procedures are implemented. These procedures need to be reasonable, transparent, and quickly reacting. These procedures need to be implemented at the beginning of the transition. And the responsible escalation managers from the customer need to have a mediation ability. If the escalation managers are people who only brutally enforce the interests of the customer, then this is not sufficient. This is not only insufficient, but it will harm the customer, eventually.
	R ₁₇	Sometimes it can be helpful to integrate a professional mediator into the escalation management. The role of the mediator is a role that usually does not exist for the customer. But this role can be quite useful and necessary. Because if escalations are taken to court then this is often the least effective way to handle escalations. Moreover, it can be very time demanding and costly.
	R ₁₀	Escalations are necessary in such projects. But it also important to stay human. If the escalation communication is too harsh, then this can lead to a dangerous path where the front lines will ultimately harden. Especially the customer and the new provider need to work together for a long time. This is much more difficult with hardened front lines. Therefore, it is important that escalations will also be deescalated and that the use of language is professional, even in escalation situations. It is important that the involved escalation parties have the overall objective of the transition in mind. The new provider needs to be able to work successfully for the customer.

Permanent escalations have a negative impact on trustful relationship between all three parties. This is in line with the findings of Alaranta and Jarvenpaa (2010) who found that it was a major criterion contributing to success that key managers of both the client and the new provider did not let escalations disrupt the collaboration between the client and the new provider (see section 2.5). The research for this thesis found that permanent escalations with the incumbent provider should be avoided.

5.17 Escalation management conclusion

Table 5-17 shows the CSFs for escalation management.

Table 5-17 Escalation management – critical success factors

Management capability/business activity	Critical success factors
Escalation management	1. Implement a comprehensive escalation strategy 2. Deescalating conflicts where possible

5.18 Project communication (communication of change) findings



Figure 5-10 Research sub-question eleven

Research sub-question: When switching ITO providers – what factors contribute to a successful communication (communication of change)?

The answers to the research sub-question were analysed and compared with the final literature review. This has allowed the following conclusions to be drawn:

Implementing a comprehensive change and communication strategy

The change of ITO providers often brings temporary dissatisfaction and frustrations. Moreover, the contract with the new provider will likely be different from the contract

with the incumbent provider. Therefore, a stakeholder oriented comprehensive change and communication strategy needs to be developed and implemented. Nineteen research participants confirm this finding. This finding is also supported by the work of Berger and Lewis (2011) who found that the absence of a communication strategy has a negative influence on the ITO client – provider relationship, and suggested a stakeholder based communication approach. Customers need to communicate the necessity and reasons for the change of providers such as for example cost reduction, or other service levels, to its employees, early. This is important, so that customer employees are able to understand the decision to switch providers. If the service levels with the new provider are reduced, compared to the service levels with the incumbent provider, then the customer needs to communicate this proactively inside its organisation. Otherwise, customer employees could interpret the reduced service levels as poor performance by the new provider, which can reduce the acceptance of the new provider. Moreover, customers should communicate to its internal stakeholders that temporally service level reduction need to be expected due to the complex transition project.

This proactive communication of anticipated difficulties can positively affect change resistance. If there are major changes in the way the new ITO provider works then this needs to be actively communicated. Customers need to communicate what will change or what has changed with the switch of ITO providers, so that the ITO client organisation knows what to expect. Major transition milestones should be communicated within the ITO customer organisation and should be part of the communication strategy. This research has showed that it is important to communicate successful achievements of key milestones to stakeholders. This requirement for communication in general ITO outsourcing projects were also indicated by Beulen, Tiwari, et al. (2011) and Cullen et al. (2005), and this is shown in Table 2-4. This finding is exemplified by the following research participant answers:

Respondents	R ₅	It is important that the customer has a well-designed communication strategy. The customer needs to communicate the major milestones to its employees. The customer should also manage the expectation of its employees and communicate what can be expected from the change and which problems will occur during transition. This is important because every employee will have an expectation. The necessity of the change need to be communicated. And it should be communicated if there is a technology or strategy change for example from fat-client architecture to a thin-client architecture.
	R ₁	Change communication is also extremely important. Because acceptance for this new provider needs to be created. The deal with the new provider often destroys relationships

		from the customer to well-known employees of the old provider. For the employees of the customer it is not necessarily understandable why the provider has changed. Therefore, there is the need to put a lot of effort into the communication of these changes and the reasons for them. This effort should be budgeted by the customer.
	R ₂	One need to be aware of the fact that the responsible transition manager from the customer side has not necessarily one hundred percent backing from its own company. And often this transition manager has to fight inner-company conflicts for example with application managers who are not satisfied with the transition approach. These inner-company fights can also be depended on the reasons for the provider switch. Has the provider been switched due to cost reductions? If so then this often means that the service levels will be lower and this needs to be communicated by the customer, early. Otherwise, customer's employees just think that the new provider is not achieving the service levels, where in fact they are achieved.
	R ₇	It should be communicated why the contract of the old provider has been terminated and will not be further extended. This is important since the change of providers is always linked to problems, which will arise during transition. And if the customer communicates that it expects problems to arise then customer's employees will not be that surprised and the resistance will possibly not be as strong as without active communication.

Considering using dedicated communication professionals to support customer communication

Often, the customer has no sufficient own resources for performing the required communication tasks. Experienced professional communication experts can support the customer organisation in defining and implementing an effective change and communication strategy. Sixteen research participants agreed this finding. This finding is exemplified by the following interviewee answers:

Respondents	R ₉	My experience is that hiring experts who have practice and knowledge of designing an effective communication strategy is a good investment for the customer. If the change of providers is not supported by professional communication, then the change will often be much more expensive due to for example change resistance.
	R ₂	The customer itself has own customers of its IT, these are typically business-users or end-users. Professional communication with these users is essentially important and need to be done, selectively, by professionals. Because, normal project managers are not trained for this type of communication. And the success of a project has also to do with the external representation of the project.
	R ₆	Often, the customer itself has not the internal resources to communicate the changes professionally to its own organisation. However, it is very important that the changes, which the new provider brings, are communicated. The organisation needs to understand what will change, when, and how. Therefore, it can be helpful if professional communication experts support the organisation.

5.19 Project communication (communication of change) conclusion

Table 5-18 shows the CSF and Table 5-19 shows the SSF for escalation management.

Table 5-18 Project communication (communication of change) – critical success factor

Management capability/business activity	Critical success factor
Project communication (communication of change)	1. Implementing a comprehensive change and communication strategy

Table 5-19 Project communication (communication of change) – secondary success factor

Management capability/business activity	Secondary success factor
Project communication (communication of change)	1. Considering using dedicated communication professionals to support customer communication

5.20 Transition strategy findings

1. How important is it that success is defined for the transition? And what is the definition of success for the transition?	2. Who should define success?	3. What are project management success criteria for the transition?	4. What factors contribute to a successful knowledge transfer during the transition?
5. What factors contribute to a successful transfer of key experts during the transition?	6. What factors contribute to a successful mixed mode – temporary multi-sourcing during the transition?	7. What factors contribute to a successful integration of the new provider production team during the transition?	8. How important are experienced external project resources for the success of the transition?
9. How important is trust for the success of the transition?	10. What factors contribute to a successful escalation management during the transition?	11. What factors contribute to a successful project communication (communication of change)?	12. What factors contribute to a successful transition strategy?

Figure 5-11 Research sub-question twelve

Research sub-question: When switching ITO providers – what factors contribute to a successful transition strategy?

The answers to the research sub-question were analysed and compared with the final literature review. This has allowed the following conclusions to be drawn:

Developing a comprehensive transition strategy

Nineteen research participants agreed that a transition strategy is essential for the success of the transition. The strategy should be jointly developed between customer and new provider. It is important that key stakeholders of both the ITO client and the new provider are involved in the development of the strategy due to the impact of the complete ITO provider switching project. The potential strategies need to be assessed for feasibility. The following statements exemplify this finding:

Respondents	R ₁₇	It is necessary that the transition strategy will be discussed between customer and provider. If one party just decides a transition strategy, then there are added risks, because then there is no stakeholder buy-in. And when things go wrong, one party will claim that it was not involved. And believe me things will go wrong.
	R ₁₁	The customer has to analyse, together with the new provider, which transition strategy would be suitable. Each scenario has to be assessed. What strategic risks arise? Can the infrastructure fulfil the necessary conditions? Can the experts handle the transition scenario?
	R ₆	It helps to visualise the different transition scenarios and to assess the potential impacts. Often, a transition strategy is chosen because of costs. However, costs are not everything. If you chose a scenario that leads to a complex multisourcing, then the initial costs may be low but the costs will rise due to the complexity. And maybe the multisourcing gets too complex to be handled.
	R ₃	The overall transition strategy is essential. It defines when what will be migrated by whom.
	R ₅	Your strategy needs to define which service, which component needs to be transferred first to the new provider. Do you start with the network? Which application do you migrate first? The most complex? Do you start with easy an application to catch the low hanging fruits?

Specifying the proportion of transition and transformation

Nineteen research participants confirmed that it is critical for the success of switching providers successfully that the proportion of transition and transformation is specified. During most of the interviewing time, research participants have often not specifically distinguished between transition and transformation. The expression transition was then used synonymously for changing providers. The lack of clearly distinguishing transition from transformation is also reflected in the academic literature where many authors (Beulen, Ribbers, et al., 2011; Beulen, Tiwari, et al., 2011; Hirschheim et al., 2006) also have not distinguished these two phases.

However, when this researcher asked specifically about transition and transformation, then all interviewees clearly distinguished transition and transformation. When a transition strategy will be developed then the transition phase and the transformation phase need be distinguished. Transition means that the IT services are transferred to the new provider without any changes. They are transferred in the current mode of operations (CMO). Transformation means that the services, which are transferred, will be changed and are not identically transferred to the new provider. These services are not transferred in the CMO but directly into the future mode of operations (FMO). Various authors have also discussed the finding that transition and transformation can and should be clearly distinguished (Basu et al., 2012; Hild, 2013; Trueb & Bhend, 2009) (see section 2.4.2). Nineteen interviewees were persuaded that a pure transition approach, where all services are identically transferred, is not possible when providers are switched. Nineteen research participants agreed that, when ITO providers are switched, then there is mix of transition and transformation. It must be decided how much simultaneous change is possible without jeopardizing the business stability. Research participants warned that if too many services are directly transformed into the FMO that this can be too risky. This finding is supported by Hild (2013) and Kimball (2003) (see section 2.4.3). This means it needs to be decided how much transformation is possible and how much transition is necessary so that the business stability is not endangered. The following statements exemplify this finding:

Respondents	R ₃	When providers are switched then there is no possibility of a classical transition any more. Transition and transformation go hand in hand.
	R ₄	I would like to make a distinction between transition and transformation. Transitions means, I will take everything from the old outsourcing provider 1:1 and do not change anything as new outsourcing provider. There is only a legal change. This means employee A changes to the new provider and conducts the job unchanged. In provider switching projects, this is not possible. Since this would mean that the technology and the processes have to be exactly same at the new provider.
	R ₅	If you make a complete paradigm shift, then this can be highly risky. For example, today the complete server infrastructure is running on Solaris and with the new provider, you switch everything to Linux. Additionally, you switch from a mainly fat client to a mainly thin client environment. Moreover, you change the network and monitoring architecture and you migrate all servers to a new data centre. If you do everything at the same time and you do not transition services as they are conducted in your current environment then there is potential for many issues. As for such paradigm shifts, I have made the experience that customers like them. And often, they do not have an idea what kind of trouble this can mean. Because you just do not know if those different components work together. Since it was never tested before. So you would need to test everything. You need to perform load tests. You need to define acceptance criteria. You need to conduct proof of concepts. But if you would do all this as required, then it would take years. So what

		providers and customers typically do? They do not perform the necessary tests in a required detail. And then you head for trouble during operations. Then you do not know what the root cause of the incident is. Especially not in a multi-provider situation.
	R ₆	If we talk about a change of providers, then we usually have, for certain areas, a transformation. For example, the customer still has a fat client environment that is operated by the old provider. In the course of the provider change, a transformation to a thin client environment is conducted. My experience is that if providers are changed, then many services are directly transformed. This is one reason why switching providers is so complex. The new provider has no opportunity to understand the current business logic of the customer for months and learn. The new provider must master the business logic very quickly, otherwise the business stability of the customer would not be guaranteed.
	R ₁₀	I have seen customers who wanted to transform all services at the same time. From fat client to thin client. From Windows server to Unix server. From application A to application B. From process A to process B. You will fail if you will transform everything at the same time. Then not a stone will be left standing on the other. You need to transition some of the services before you transform them.

Ensuring that the transition complexity is manageable

The chosen transition strategy must ensure that the complexity of the transition remains manageable by all parties. The strategy needs to define when which service will be transferred to the new provider, always with the objective that the complexity needs to remain manageable. Nineteen research participants confirmed this finding. The following statements exemplify this finding:

Respondents	R ₂₁	The new provider needs to agree with the customer what needs to be transferred first. If you have network, client services, server, and application to migrate, then you probably will not start with the PCs and laptops. But this needs to be decided. And it needs to be decided how many services can be transferred at the same time. You do not want to have too many services transferred at the same time. Because if you transfer to many services at the same time and then you will have difficulties in identifying root cause for incidents.
	R ₁₀	Transfer the services so that they can be handled in case of incidents. Do not start with the most complex services such as the most complex applications. Because you want to be successful. You do not need distrust.
	R ₁₆	Perform a risk assessment, which service needs to be transferred first. Transfer the services in a way that the incident process gets not too complex between the old provider, the new provider, and the customer. Ensure sufficient time for testing.

Conducting a phased transition approach

Twenty research participants agreed that a big bang approach is not possible for large ITO deals. The reviewed literature on transition neither revealed a suggestion for a big bang approach nor for a phased approach for ITO provider switching projects. Goolsby (2009) discussed best practices of transitions in general and also found that if a big bang approach is conducted then there is no possibility for learnings. Additionally, Goolsby

(2009) found that if a big bang approach fails that this then can result in serious business disruptions. Twenty research participants agreed that a phased approach is required. The following statements exemplify this:

Respondents	R ₁₇	It is just not possible to conduct a big bang strategy. The duration for the preparation would be too lengthy. You would need more than a year to prepare everything. Then, when you turn the switch, everything must work from day one. This would be just too complex.
	R ₁₀	If you conduct a big bang approach then there is no time for learning. However, if you change IT providers, then all parties need to learn. The new provider does not know much about how the business of the customer really works. But the new provider needs this type of knowledge to provide the IT services correctly. This is the reason why a phased approach is the only way to go.
	R ₁₂	How would you know that you prepared the big bang transition in sufficient detail in advance? You cannot know this and then on migration day, you switch to the new provider and you risk the business of the customer. No, there is a clear answer. You have to pursue a phased approach.
	R ₁₁	In small outsourcing deals, you can conduct a big bang but not in big outsourcing deals. No matter if this is a first generation deal, or a second-generation deal. You need to perform a phased approach.
	R ₁₃	A phased transition strategy is the only possibly strategy in huge and or complex outsourcing deals.

5.21 Transition strategy conclusion

Table 5-20 shows the CSFs for transition strategy.

Table 5-20 Transition strategy – critical success factors

Management capability/business activity	Critical success factors
Transition strategy	<ol style="list-style-type: none"> 1. Developing a comprehensive transition strategy 2. Specifying the proportion of transition and transformation 3. Ensuring that the transition complexity is manageable 4. Conducting a phased transition approach

5.22 Conclusion

To answer the first research question the main factors, which contribute to the successful switching of ITO provider, were identified and described. These main factors or categories are named management capabilities/business activities.

- Project management
- Knowledge transfer

- Transfer of key experts
- Mixed mode – temporary multi-sourcing
- Integration of new provider production team
- Experienced external project resources
- Trust
- Escalation management
- Project communication
- Transition strategy

With the establishment of the main factors, which contribute to the successful switching of ITO providers, RQ1 and RO1, as shown in Table 5-21, were answered and achieved.

Table 5-21 Research question 1 and research objective 1

Research question (RQ) 1	Research objective (RO) 1
When IT outsourcing (ITO) providers are switched – what factors contribute to a successful transition?	To establish the main factors which contribute to the successful switching of IT outsourcing providers.

To answer the second research question, it was required to classify and prioritise the main factors, which contribute to a successful transition, and to provide operational guidance for practitioners. The initial analysis of the literature (chapter 2) provided, in combination with the provisional conceptual framework (chapter 3), an initial classification of factors contributing to ITO switching success. This initial classification was further developed in chapter 5. For this purpose, the answers to the research sub-questions were analysed and compared with the final literature review. This resulted in CSFs, SSFs, and key risks (Table 5-1 - Table 5-20). The analysis of the research indicated that if a CSF is neglected then this CSF might turn into a key risk. For example, the first CSF for project management is: "Make the customer ultimately accountable for defining success criteria". If this CSF is neglected then a party other than the ITO client, or even no party at all, is accountable for defining success criteria. This could result in a situation where success criteria are defined which are not in favour of the ITO client. Therefore, the first CSF could also be formulated as a key risk: "The customer does not accept accountability for defining success criteria".

As another example, the fourth CSF for knowledge transfer can be used: "Identifying knowledge transfer costs and agreeing which party pays for the costs". If this CSF is neglected then knowledge transfer costs may not be identified in advance and when

knowledge transfer costs arise, it may be unclear who will pay for them. This in turn could lead to disputes, uncalculated costs, and transition delays. Therefore, the fourth CSF for knowledge management could be formulated as a key risk: "Knowledge transfer costs have not been identified and it will be unclear who is accountable for paying knowledge transfer costs when they arise". The discussions of these factors and risks, in this chapter, provide operational guidance for ITO clients. Consequently, RQ2 and RO2, as shown in Table 5-22, were answered and achieved.

Table 5-22 Research question 2 and research objective 2

Research question (RQ) 2	Research objective (RO) 2
How can these factors be best classified and prioritised to provide operational guidance to practitioners?	To analyse and classify these factors and to provide operational guidance for the ITO client.

6 CONCEPTUAL FRAMEWORK FOR THE SWITCHING OF ITO PROVIDERS

6.1 Introduction

From the *initial analysis* of the existing literature, a provisional conceptual framework was developed. The provisional conceptual framework provided initial factors contributing to ITO switching success and an initial categorisation of these factors. These initial factors were then used to develop initial research sub-questions, which guided the semi-structured interviews. Figure 6-1 shows the development from the provisional conceptual framework to the final framework. In chapter 5 the main factors, which contribute to the successful switching of ITO providers, were established, classified, and prioritised. Based on the literature review (chapter 2), and based on the research findings (chapter 5), the conceptual framework for the switching of ITO providers was developed and is depicted in Figure 6-2. The objective of this chapter is to answer RQ3, and to meet RO3. RQ3 is: What conceptual model or framework can be developed for the switching of ITO providers? RO3 is defined as: To develop a conceptual and operational framework for switching ITO providers with the specific focus on transition. The conceptual framework will be developed for the ITO client perspective.

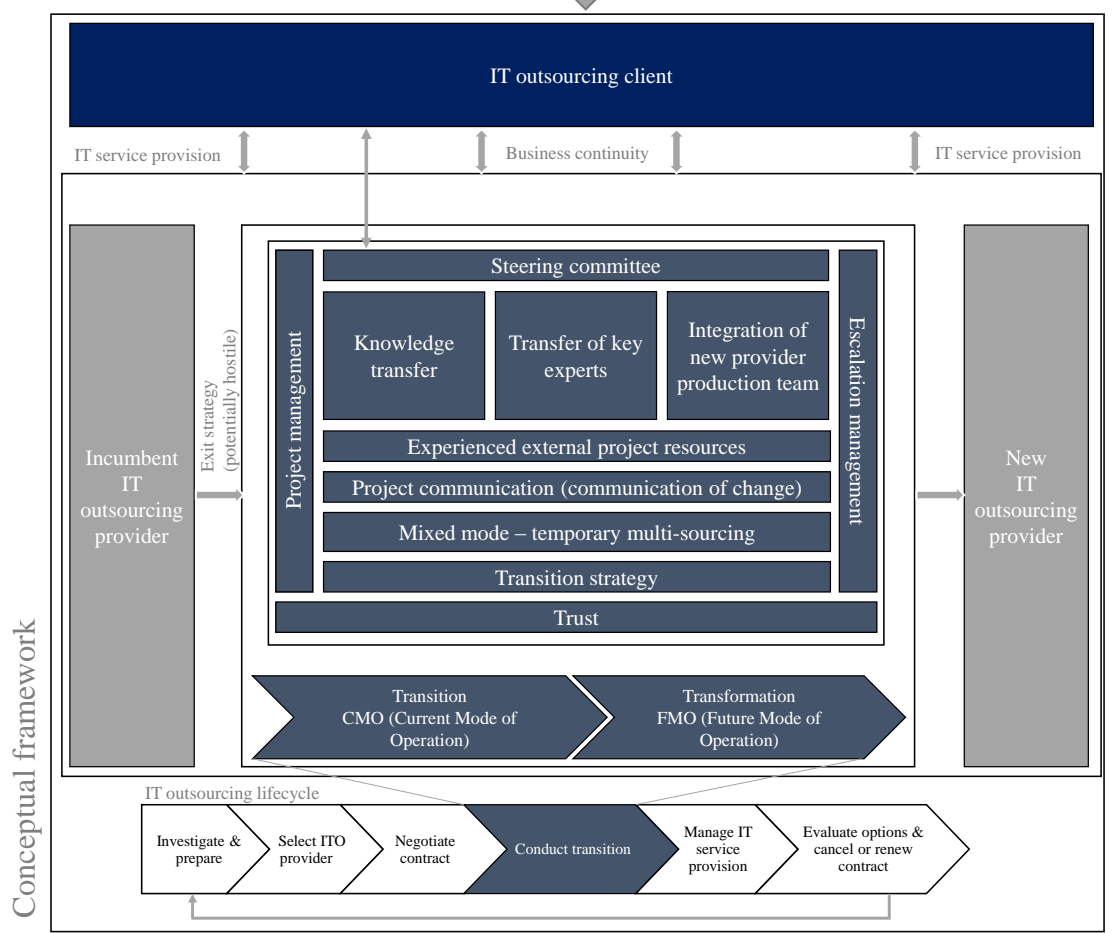
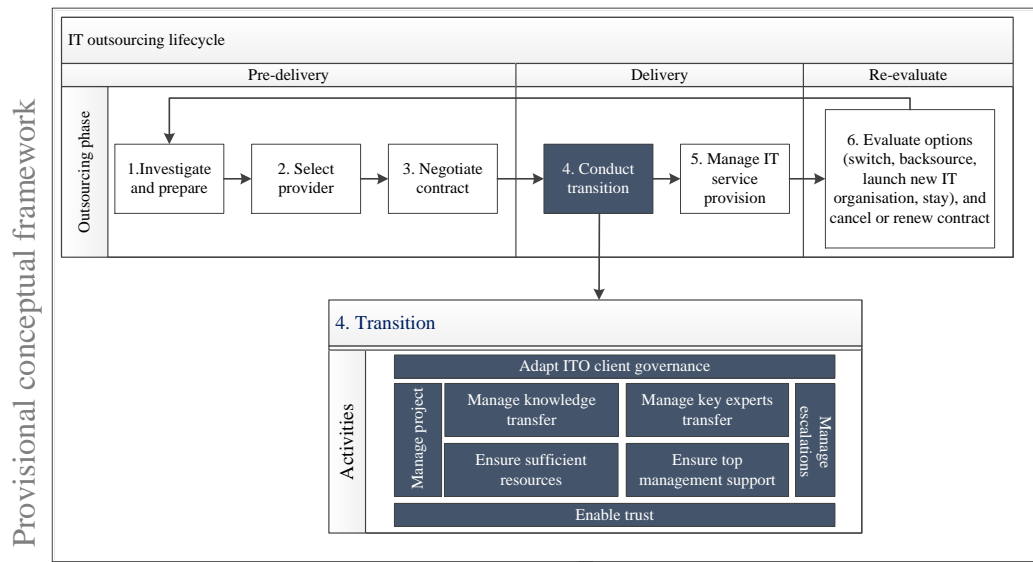


Figure 6-1 Development of the final conceptual framework (developed for this thesis)

6.2 Conceptual framework descriptions

Of primary importance in this research was to understand the CSFs, the SSFs and the key risks in the switching of ITO providers. This is where managers need to focus their attention and resources so that ITO providers can successfully be switched. Although the conceptual framework, as depicted in Figure 6-2, was primarily developed for ITO outsourcing clients who want to switch ITO providers, it will also be valuable for ITO providers. The key objective of this framework is to highlight and to summarise the main factors, which are necessary for successfully switching of ITO providers. It will be discussed how this framework can be applied in practice. The conceptual framework shows a holistic view of the management capabilities/business activities, which are required to switch ITO providers successfully. Ten management capabilities/business activities) are required for the successful switching of ITO providers. These ten management capabilities/business activities are represented in the conceptual framework and are shown in Figure 6-2.

The developed conceptual framework is not prescriptive. However, clients who switch ITO providers can use the identified success factors as guidance for successfully switching ITO providers. The framework can be used in conjunction with the key tasks and RACI tables. These key tasks provide an overview of the most important tasks to be performed for each of the identified capabilities/business activities. For the better understanding of the framework, the classified success factors tables from chapter 5, which show the CSFs, the SSFs, and the key risks, are included in the framework. This facilitates a comprehensive understanding of switching ITO providers.

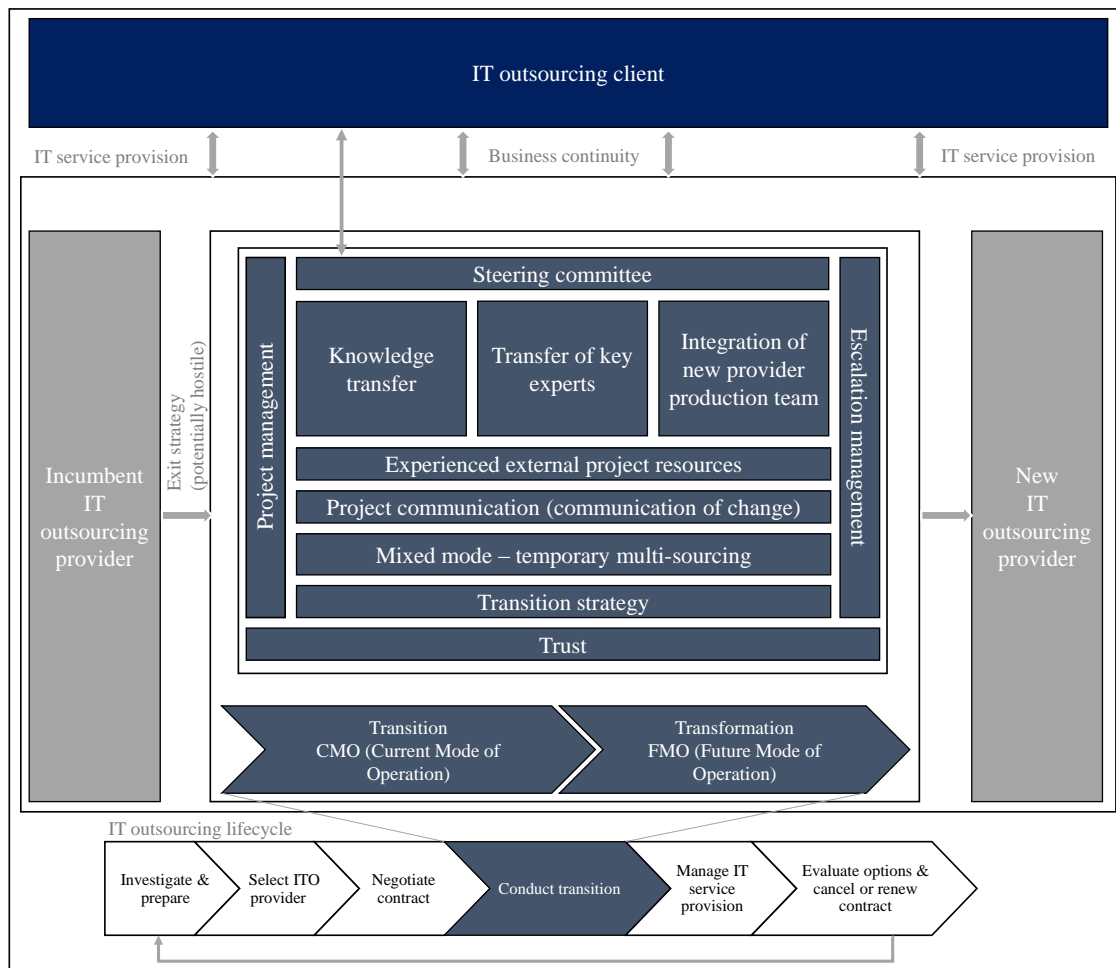


Figure 6-2 Conceptual framework for switching ITO providers (developed for this thesis)

6.2.1 IT outsourcing lifecycle

The literature review revealed that ITO could be seen as a lifecycle consisting of six major phases, which are: 1. Investigate and prepare, 2. select provider, 3. negotiate contract, 4. conduct transition, 5. manage IT service provision, 6. evaluate options and cancel or renew contract. At the end of the ITO lifecycle there are four potential options for ITO clients how to proceed at the end of the contract. These four options are: (1) switch the ITO provider, (2) source the IT back in-house, (3) launch new IT organisation or IT company, and (4) continue with the incumbent provider. The first three phases can be considered as a pre-delivery building block, the next two can be considered as a delivery building block, and the last activity can be considered as a re-evaluation building block. If the ITO client has decided to switch ITO providers, then a transition needs to be conducted. Conducting a transition is a highly complex, resource intensive and risky endeavour. The objective of this phase is that IT services are successfully implemented and delivered by the new ITO provider, as contractually agreed. At the end of the transition phase, the new provider is able to provide IT services as

contractually agreed. Then the incumbent provider is no longer required for providing IT services.

6.2.2 IT outsourcing client

The ITO client has partly, or fully, outsourced the IT to an ITO provider. The ITO client consumes the IT services provided by the ITO provider. The ITO client is responsible for the ITO strategy. In the case of an ITO provider-switching project, the ITO client has decided not to extend the contract with the existing provider but to change to a new provider. The ITO client is ultimately accountable for a successful transition project. There is a risk that the ITO client underestimates the complexity of switching ITO providers and assumes that this project is similar to an initial outsourcing project.

6.2.3 Incumbent IT outsourcing provider

The incumbent provider is providing IT services for the ITO client. However, the new provider will replace the incumbent provider. The incumbent provider has often no or a highly decreased motivation to support the transition to the new provider. The incumbent provider can be unsupportive or can even conduct a hostile strategy against the ITO client and/or the new ITO provider. There is high probability that the incumbent provider tries to earn additional money during the transition phase.

6.2.4 New IT outsourcing provider

The new provider was chosen by the ITO client to provide IT services instead of the incumbent provider. The new provider is reliant on the support by the incumbent provider and the ITO client during the phase of transition. The new ITO provider will be fully responsible for providing the outsourced IT services for the client, at the end of the transition.

6.2.5 Key tasks and RACI tables

The framework can be used in conjunction with the key tasks and RACI tables. These key tasks provide an overview of the most important tasks to be performed for each of the identified capabilities/business activities. RACI is an acronym and indicates who is

accountable (A) for the task, who is responsible (R) for performing the task, who should be consulted (C) when the task is performed, and who should be informed (I). For every task, there can only be one accountable party. Accountable means that this party ultimately must approve or disapprove decisions and that this party is accountable for the results of the task. Responsible means that this party is responsible for performing the tasks. Multiple parties can perform one task.

6.2.6 Project management

The definition of clear success criteria is a prerequisite for a successful transition and for the complete ITO business relation with the new provider. These success criteria need to be largely determined by the ITO client. Both providers need to be involved in the final definition of deliverables, however, in a varying degree of detail. The involvement in the definition of deliverables is much stronger with the new provider than with the incumbent provider. It is important that for all deliverables scope, quality, time, and cost criteria are defined, and that these criteria are measurable. These success criteria need to be understood and agreed by all three parties involved. The success criteria need to be available at the beginning of the project.

Since the switching of ITO providers, in the dimension studied in this research, is a highly complex project, there is the risk that this kind of project endangers business continuity, if critical IT services are not available. Therefore, the most critical success criterion for an ITO provider-switching project is that business continuity is guaranteed during the complete project. This ultimate success criterion, the guaranteeing of business stability, has particular effects on how the project needs to be managed, the transition strategy, the temporary multi-sourcing, and on the transfer of knowledge, and on the transfer of knowledge. Complex projects such as switching ITO providers need to be professionally managed so that the agreed success criteria can be achieved and the deliverables can be implemented within scope, budget, quality, and time. There are a number of typical challenges for ITO provider switching projects, which need to be successfully managed. These include:

- High degree of complexity
- High degree of risk

- Potentially high, unbudgeted, switching costs for the ITO client and/or the new provider with the potential result that the complete ITO business case is no longer commercially viable for either the ITO client or the provider or both parties
- All three parties have potentially different objectives
- Potentially hostile or unsupportive incumbent provider
- Temporary multi-sourcing
- Knowledge transfer in a potentially unsupportive or hostile environment
- Transfer of key experts

These challenges can be partly materially different from initial outsourcing deals and require therefore highly experienced project managers. The ITO customer is ultimately accountable for managing the transition project, since the customer is often the only party who has a contractual relationship with all involved parties involved and can enforce decisions as required. Another reason for the accountability of the customer is that the incumbent provider and the new provider have potentially different objectives than the ITO client. However, the customer may delegate project management tasks (e.g. to the new provider). For the success of the project, it is essentially important that there is one master project plan that contains the essential dependencies of the three parties. Project implementation delays can quickly lead to additional costs. Since this may mean that parts of the contract with the incumbent provider need to be extended. In the worst case scenario a delay could mean that the incumbent provider leaves regardless whether the new provider is ready to provide IT services as required or not. Due to potentially high unbudgeted switching costs, the management of cost plays a vital role for switching ITO providers successfully. Equally important is the management of risks. The project needs to be conducted in close cooperation between ITO client and the new provider. Ideally, the old provider should be closely involved. Through conducting regular quality gate sessions, the customer is able to check the status of the deliverable implementation.

The *steering committee* oversees the transition project and should be composed of the project leaders and the top management of the ITO client, the incumbent provider, and the new provider. The committee members need to be well prepared and need to be able to decide during the steering committee meeting or quickly afterwards, if required, so that the complete ITO switching project will not be delayed due to missing decisions.

The CSFs are summarised in Table 6-1 and the key risk is shown in Table 6-2. The CSFs and the key risk are discussed in depth in section 5.2. The key tasks and the corresponding RACI can be found in Table 6-3.

Table 6-1 Project management – critical success factors

Management capability/business activity	Critical success factors
Project management	<ol style="list-style-type: none"> 1. Make the customer ultimately accountable for defining success criteria 2. Defining detailed project deliverables and acceptance criteria at the beginning of the transition 3. The success criteria need to be understood and accepted by all three involved parties 4. Implementing a project deliverables approval process 5. Make business continuity the most important success criterion 6. Joint development of the transition project plan by the client and the new provider with the involvement of the incumbent provider 7. Incorporating major project deliverables from the client, incumbent, and new provider into one master project plan 8. Ensuring that the customer is accountable for the overall project management including project planning 9. Management of transition switching costs by the client 10. Client project managers manage the transition in close collaboration with new provider project managers 11. Implementing risk management to manage project risks 12. Participation of well-prepared top management, with the authority to make project decisions, in steering committee meetings

Table 6-2 Project management– key risk

Management capability/business activity	Key risk
Project management	<ol style="list-style-type: none"> 1. The incumbent provider may attempt to influence success criteria in favour of the incumbent provider

Table 6-3 Project management – key tasks and RACI

No.	Key tasks	Client	IP*	NP*
Project management (PM)				
PM1	Make the customer responsible for defining success criteria.	A,R	I	I
PM2	Define detailed project deliverables and acceptance criteria at the beginning of the transition. Ensure that business continuity is the most important success criterion.	A, R	R	R
PM3	Pre-define breaking points, which determine when the transition can be considered as unsuccessful, and can thus be cancelled by the customer.	A,R	I	I

No.	Key tasks	Client	IP*	NP*
PM4	Define a fall-back scenario for the case that the transition is considered as unsuccessful.	A,R	-	-
PM5	Success criteria can change over time. Update changes of success criteria and measurements accordingly.	A,R	R	R
PM6	Ensure that defined success criteria are understood and accepted by all parties.	A,R	R	R
PM7	Develop and communicate overall project management and planning framework. The framework should at least consist of the following: <ul style="list-style-type: none"> • Policy that there is only one master plan for all three parties • Policy for how plans need to be updated • Policy for how often plans need to be updated • Policy for how part-project plans will be integrated into the master plan • Procedures how deviations of quality, budget, time need to be handled • Definition which major milestones should be used for the major milestone plan • Policy for writing meeting protocols • Policy where and how to store documents 	A,R	I	R
PM8	Develop a joint project plan. The project plan needs to be jointly developed at least by the customer, the new provider, and the incumbent provider needs to be involved.	A,R	R	R
PM9	Ensure that the planning for all three parties (customer, incumbent provider, and new provider) is aligned.	A,R	R	R
PM10	Ensure that the exit dates from the incumbent provider are sufficiently reflected in the transition project plan.	A,R	R	R
PM11	Ensure that there is only one master project plan for all three parties.	A,R	R	R
PM12	Manage the master plan.	A,R	R	R
PM13	Manage the transition switching costs.	A,R	R	R
PM14	Define and conduct approval sessions and acceptance criteria. These sessions should be defined and conducted for example for: <ul style="list-style-type: none"> • Developed documentation • Implemented tools • Transferred IT infrastructure • Defined and implemented processes 	A,R	C	R
PM15	Ensure that project managers of all parties work closely together.	A,R	R	R
PM16	Implement risk management.	A,R	R	R
PM17	Ensure that well-prepared top management attends steering committee meetings.	A,R	R	R
PM18	Ensure that steering committee members have the authority to decide.	A,R	R	R
PM19	Ensure that steering committee members are briefed in advance of the steering committee meeting so that they have the required information basis for decisions.	A,R	R	R
PM20	Ensure that subject matter experts attend steering committee meetings when required.	A,R	R	R
PM21	Ensure that steering committee members can decide quickly if required and adequate.	A,R	R	R

No.	Key tasks	Client	IP*	NP*
PM22	Assess if the incumbent providers tries to influence the definition of success criteria in favour of the incumbent provider.	A,R	C	C
PM23	Mitigate the influencing of success criteria in favour of the incumbent provider.	A,R	I	C
*IP= Incumbent provider, NP= new provider				

6.2.7 Transition strategy

A comprehensive transition strategy needs to be developed. The transition strategy significantly influences all steps of the transition phase. Therefore, key stakeholders of the ITO client and the new provider need to be involved in the development of the strategy. Before the ITO client and the new provider decide for a transition strategy, various options need to be assessed for their feasibility. For a successful transition, it is crucial that the complexity of the transition remains manageable. This study revealed that ITO provider switching projects, in the researched dimensions, require a phased approach since a big bang approach cannot be conducted.

When defining the transition strategy the term transition need to be clearly distinguished from the term transformation. When both terms are distinguished then transition means that the IT services are transferred to the new provider without any changes. This means that neither the services itself are changed, nor the way in which the services are provided. The services are transferred in the current mode of operations (CMO). Transformation means that the services, which are transferred, will be changed and are not identically transferred to the new provider. This means that either the services are changed or the way in which these services are provided. If services are transformed, then these services are not transferred in the CMO but directly into the future mode of operations (FMO). A pure transition approach for switching ITO providers, for the dimension in scope of this thesis, is not possible. This means that transition and transformation will be mixed. Part of the transition strategy is to define the proportion of transition to transformation. The decision of how much transition and how much transformation will be conducted must be influenced by the overall objective of business stability.

The CSFs are summarised in Table 6-4. These factors are discussed in depth in section 5.20. The key tasks and the corresponding RACI can be found in Table 6-5.

Table 6-4 Transition strategy – critical success factors

Management capability/business activity	Critical success factors
Transition strategy	<ol style="list-style-type: none"> 1. Developing a comprehensive transition strategy 2. Specifying the proportion of transition and transformation 3. Ensuring that the transition complexity is manageable 4. Conducting a phased transition approach

Table 6-5 Transition strategy – key tasks and RACI

No.	Key tasks	Client	IP*	NP*
Transition strategy (TS)				
TS1	Develop a comprehensive transition strategy.	A,R	R	R
TS2	Involve incumbent provider and new provider in the transition strategy development.	A,R	C	R
TS3	Decide which services should be transferred in the current mode of operations (CMO).	A,R	C	R
TS4	Decide which services should be transferred directly into the future mode of operations (FMO).	A,R	C	R
TS5	Assess the transition strategy for feasibility.	A,R	C	R
TS6	Ensure that the transition strategy does not endanger business stability.	A,R	C	R
TS7	Ensure that the transition strategy is manageable.	A,R	C	R
TS8	Conduct a phased approach to transition.	A,R	R	R
TS9	Decide which services will be transferred in which phase.	A,R	C	R
*IP= Incumbent provider, NP= new provider				

6.2.8 Knowledge transfer

An effective knowledge transfer from the incumbent provider to new provider is a prerequisite for a successful transition. Without successfully transferring knowledge, the new provider will probably not be able to provide complex IT services, within a reasonable timeframe, for the new ITO client. The new provider is dependent on the support of the incumbent provider since, typically, the ITO client has outsourced the required knowledge. In addition, the new provider does not have the needed context specific knowledge, which is required to provide IT services for the ITO client as required. A knowledge transfer strategy needs to be developed at the beginning of the transition.

Knowledge transfer in ITO provider switching projects can be considerably more difficult than typical knowledge transfer projects. There are various reasons for this, such as missing trust, the fear of losing the job, and no anticipated reciprocity. This can

lead to low or no motivation of incumbent provider employees to share their knowledge with a competitor. The knowledge transfer strategy needs to identify impediments to knowledge transfer and successfully address them.

The CSFs are summarised in Table 6-6, the SSF is shown in Table 6-7, and the key risks are shown in Table 6-8. The success factors and the key risks are discussed in depth in section 5.4. The key tasks and the corresponding RACI can be found in Table 6-9.

Table 6-6 Knowledge transfer– critical success factors

Management capability/business activity	Critical success factors
Knowledge transfer	<ol style="list-style-type: none"> 1. Developing and implementing a knowledge transfer strategy 2. Identifying and agreeing the knowledge types that need be transferred, early 3. Identifying, addressing, and resolving intellectual property issues, early 4. Identifying knowledge transfer costs and agreeing which party pays for the costs 5. Identifying and transferring key documents to the new provider 6. Conducting work shadowing with the incumbent provider and training by the incumbent provider 7. A high knowledge-integration capacity and absorption capacity from new provider 8. A trustful relationship between the customer, the incumbent, and the new provider 9. Assessing and amending the contract with the incumbent provider so that the required knowledge transfer is covered by the contract

Table 6-7 Knowledge transfer– secondary success factor

Management capability/business activity	Secondary success factor
Knowledge transfer	<ol style="list-style-type: none"> 1. Reviewing and assessing transferred documents promptly, so that the incumbent provider can close identified gaps

Table 6-8 Knowledge transfer– key risks

Management capability/business activity	Key risks
Knowledge transfer	<ol style="list-style-type: none"> 1. The incumbent provider may try to actively hinder or block the knowledge transfer to the new provider 2. Fear of job loss will inhibit the sharing of knowledge

Table 6-9 Knowledge transfer – key tasks and RACI

No.	Key tasks	Client	IP*	NP*
Knowledge transfer (KT)				
KT1	Develop a comprehensive knowledge transfer strategy. Knowledge can be transferred for example by: <ul style="list-style-type: none"> • Transfer of key documentation • Trainings • Work shadowing • Transfer of key experts 	A,R	C	R
KT2	Identify which type of knowledge needs to be transferred. Examples for knowledge to be transferred are: <ul style="list-style-type: none"> • Process documentation • Concept documentation • Knowledge databases • Tacit knowledge 	A,R	R	R
KT3	Clarify who is the owner of the identified knowledge.	A,R	R	C
KT4	Identify, address, and resolve intellectual property issues.	A,R	R	R
KT5	Analyse the existing contract to what degree the incumbent provider is required to transfer knowledge (including intellectual property).	A,R	I	I
KT6	Amend the existing contract to reflect the required knowledge transfer (if needed).	A,R	R	C
KT7	Clarify who will pay for which knowledge transfer related costs. For example costs for: <ul style="list-style-type: none"> • Intellectual property • Training • Work shadowing 	A,R	R	R
KT8	(Re-) Calculate knowledge transfer costs.	A,R	I	R
KT9	Identify and transfer key documentation such as: <ul style="list-style-type: none"> • Process documentation • Key service documentation • Key application documentation • Interface documentation 	A,C	R	C
KT10	Review and assess transferred documents promptly.	C	I	A,R
KT11	Identify documentation gaps.	C	I	A,R
KT12	Communicate required changes of the key documentation to key documentation owner.	C	I	A,R
KT13	Close documentation gaps.	C	A,R	I
KT14	Assess if training or work shadowing by the incumbent provider is required.	C	I	A,R
KT15	Assess if training or work shadowing will be conducted by the incumbent provider.	C	I	A,R
KT16	Facilitate a trustful relationship to smoothen the knowledge transfer process.	A,R	R	R
KT17	Be aware that the transfer of complex knowledge will take time.	A,R	R	R
KT18	Assess the risk that the incumbent provider will perform a hostile strategy, which can hinder or block knowledge transfer.	A,R	-	R
KT19	Develop a strategy to address a potential hostile knowledge transfer strategy of the old provider for example with: <ul style="list-style-type: none"> • Escalation strategies • Mitigation strategies 	A,R	-	R
KT20	Be aware that fear of job loss will inhibit the sharing of knowledge.	A,R	-	R

No.	Key tasks	Client	IP*	NP*
KT21	Ensure that knowledge transfer is adequately reflected in the project plan.	A,R	R	R
*IP= Incumbent provider, NP= new provider				

6.2.9 Transfer of key experts

The transfer of key experts from the incumbent to the provider is a key factor for the successful transition. The more heterogeneous and the more complex the IT environment of the ITO customer is the more important is the transfer of key experts. The transfer of complex tacit knowledge, without transferring key experts, can be very time consuming. This however, can be greatly accelerated by the transfer of key experts, because the knowledge is then directly transferred with the key expert. The key experts, who should transfer, need to be identified early so that the necessary steps can be taken to ensure that the experts are ready to work for the new provider, as required. As a basis for the transfer, a business case analysis for the individual employee should be conducted. The right timing for transferring key experts is important. There can be situations where the incumbent and the new provider need the key expert for delivering, contractually agreed IT services, at the same time. This can result in a double burden for the key expert and can result in reduced service levels for the ITO client. It is important that the performance of the transferred key experts that they are quickly integrated into the organisation of the new provider. There is the risk, that transferred key experts implement solutions, which were specific to their old environment, but do not fit to the environment, and the required IT strategy, of the new provider. ITO clients and new providers need to be aware that the incumbent providers might transfer high performing resources to other ITO accounts. Additionally, the incumbent provider might try to transfer its underperforming resources.

The CSFs are summarised in Table 6-10 and the key risks are shown in Table 6-11. The success factors and the key risks are discussed in depth in section 5.6. The key tasks and the corresponding RACI table can be found in Table 6-12.

Table 6-10 Transfer of key experts – critical success factors

Management capability/business activity	Critical success factors
Transfer of key experts	<ol style="list-style-type: none"> 1. Identifying and agreeing key experts who should transfer, early 2. Conducting a cost-benefit analysis for the key experts in scope for the transfer 3. Developing a key expert transition plan to ensure the right timing for the transfer 4. Quick integration of transferred key experts into the new provider organisation

Table 6-11 Transfer of key experts– key risks

Management capability/business activity	Key risks
Transfer of key experts	<ol style="list-style-type: none"> 1. Managing the transfer of key experts in an unprofessional way 2. The incumbent provider may try to transfer underperforming resources to the new provider while trying to transfer well performing resources to other accounts before the contract has ended 3. Transferred key experts will implement solutions, which were adequate for the organisation of the incumbent provider, but are not advisable for the organisation of the new provider

Table 6-12 Transfer of key experts – key tasks and RACI

No.	Key tasks	Client	IP*	NP*
Transfer of key experts (TE)				
TE1	Identify key experts, who should transfer from the incumbent provider to the new provider.	A,R	I	R
TE2	Conduct a cost-benefit analysis for the key experts in scope for the transfer.	C	-	A,R
TE3	Negotiate the transfer of key experts.	A,R	R	C
TE4	Define and agree a detailed key expert transition plan. The plan should take the following into consideration: <ul style="list-style-type: none"> • Date of key expert transfer • Dependencies of services which need to be supported by the defined key experts • Risk of transferring experts too early or too late to meet service levels 	C	R	A,R
TE5	Develop and implement a key expert transition strategy. Ensure that identified key experts do not get the impression that they are a pure cost factor.	C	I	A,R
TE6	Managing the transfer of key experts in a professional way.	C	R	A,R
TE7	Define, agree, and communicate the new responsibilities of the key experts, who have transferred to the new provider.	I	I	A,R
TE8	Integrate transferred key experts into the new provider organisation as early as possible.	I	-	A,R
TE9	Identify training requirements of the transferred key experts (Tool training, process training, etc.).	I	-	A,R

No.	Key tasks	Client	IP*	NP*
TE10	Train the transferred key experts (tool training, process training, contract training, etc.).	I	-	A,R
TE11	Assess the risk that the incumbent provider transfers needed key experts (e.g. top-performers) to other accounts, so that they are no longer available for the current customer (and the new provider) as required.	R	-	A,R
TE12	Conduct strategies to mitigate the risk that the incumbent provider transfers required key resources to other accounts.	A,R	-	R
TE13	Ensure that the project plan reflects when dedicated key experts need to work for the incumbent provider and the new provider at the same time.	R	R	A,R
TE14	Assess the risk that transferred key experts implement old solutions, i.e. solutions from the incumbent provider instead solutions from the new provider (tools, processes, solutions, etc.).	R	-	A,R
TE15	Mitigate the risk that transferred key experts implement old solutions.	C	-	A,R
*IP= Incumbent provider, NP= new provider				

6.2.10 Mixed mode – temporary multi-sourcing

When ITO providers will be switched, in the dimensions researched in this thesis, then there is a period in which both providers provide IT services at the same time for the ITO client. This period of temporary multi-sourcing, is highly complex and the management can be very difficult. Often, both the new provider and the ITO client underestimate the complexity of temporary multi-sourcing. Additionally, the effort required to successfully manage the temporary multi-sourcing is underestimated. To govern the IT service provision, effective IT governance needs to be implemented. Therefore, the following boards or meetings need to be implemented:

- Strategic board
- Commercial and contract meeting
- Tactical service management meeting
- Operational management meeting

These boards or meetings ensure, at different levels, that both providers can be managed and service disruptions can quickly identified, addressed and resolved. Temporary multi-sourcing needs to be planned in detail at the beginning of the transition. The planning needs to consider typical affected IT processes such as incident management, change management, and configuration management. These processes need to be adapted according to the special requirements of the temporary multi-sourcing phase

(e.g. an interface need to be developed, so that tickets can be routed between both providers). To enable the successful management of temporary multi-sourcing, complexity needs to be reduced as far as possible. Temporary multi-sourcing needs to be designed in a way so that the operational stability of the ITO client is guaranteed. Temporary multi-sourcing can lead to a period, where the agreed service levels can neither be achieved nor enforced. All three parties need to collaborate for a successful period of multi-sourcing.

The CSFs are summarised in Table 6-13 and the key risk is shown in Table 6-14. The success factors and the key risk are discussed in depth in section 5.8. The key tasks and the corresponding RACI table can be found in Table 6-15.

Table 6-13 Mixed mode – temporary multi-sourcing – critical success factors

Management capability/business activity	Critical success factors
Mixed mode – temporary multi-sourcing	<ol style="list-style-type: none"> 1. Planning temporary multi-sourcing in detail and ensuring that the planning is integrated in the project master plan 2. Estimating the effort required for managing temporary multi-sourcing, realistically 3. Reducing temporary multi-sourcing complexity and duration 4. Implementing an effective IT governance 5. Define and implement a dedicated incident management process for temporary multi-sourcing 6. Joint collaboration between all three parties during temporary multi-sourcing

Table 6-14 Mixed mode – temporary multi-sourcing – key risk

Management capability/business activity	Key risk
Mixed mode – temporary multi-sourcing	<ol style="list-style-type: none"> 1. Agreed service levels can neither be achieved nor enforced during temporary multi-sourcing

Table 6-15 Mixed mode – temporary multi-sourcing – key tasks and RACI

No.	Key tasks	Client	IP*	NP*
Mixed mode – temporary multi-sourcing (MS)				
MS1	Plan temporary multi-sourcing in detail and ensure that the planning is integrated in the project master plan. The plan needs to consider deliverables such as: <ul style="list-style-type: none"> • Development of process interfaces • Development or adaptation of processes (e.g. incident management and change management) 	A,R	R	R

No.	Key tasks	Client	IP*	NP*
	<ul style="list-style-type: none"> Implementation of IT governance Multi-sourcing cost planning 			
MS2	Develop strategies for reducing the duration of temporary multi-sourcing.	R	C	A,R
MS3	Develop strategies for reducing the complexity of temporary multi-sourcing.	R	C	A,R
MS4	Develop and agree temporary multi-sourcing processes at the beginning of the transition.	R	R	A,R
MS5	Define in detail, which processes and interfaces from the incumbent provider need to be adapted.	R	R	A,R
MS6	Define in detail, which processes and tools need to be interlinked (for example the incident management tool of the incumbent and the new provider).	R	R	A,R
MS7	Develop and agree a business case for processes and tools, which need to be interlinked.	C	C	A,R
MS8	Contractually agree the support of the incumbent provider for the temporary multi-sourcing situation.	A,R	C	R
MS9	Implement an effective IT governance including the required governance structure: <ul style="list-style-type: none"> Boards Meetings Roles and responsibilities 	A,R	C	R
MS10	Define temporary multi-sourcing incident management process.	R	R	A,R
MS11	Define one party who is accountable for managing incidents that affect multiple parties.	A,R	C	C
MS12	Be aware that temporary multi-sourcing can result in complex incident situations where it can be very difficult to determine who is responsible for solving the incident.	A,R	R	R
MS13	Define a temporary multi-sourcing change management process.	R	R	A,R
MS14	Be aware that temporary multi-sourcing can result in situations where it is no longer possible to measure and enforce service level agreements.	A,R	-	-
MS15	Mitigate the risk of reduced service levels.	A,R	R	R
MS16	Ensure (for example with an up to date configuration management database) that all parties always know which party provides which service.	C	R	A,R
MS17	Be aware and communicate that the close cooperation of all three parties is a success factor for the transition.	A,R	R	R
MS18	Assess the risk that the incumbent provider will perform a hostile or unsupportive strategy during temporary multi-sourcing phase.	A,R	-	R
MS19	Mitigate the risk of a hostile or unsupportive strategy during temporary multi-sourcing.	A,R	-	R
*IP= Incumbent provider, NP= new provider				

6.2.11 Integration of new provider production team

In addition to the transition team, the production team of the new provider needs to be involved early during transition. An early involvement put the production team in the position to understand the most critical IT services quickly and to provide the IT

services as required. The early involvement of the production team increases the likelihood that the transition team implements the IT services as required by the production team. It is highly important that critical service processes, such as incident management, change management, and configuration management, are implemented before the new provider starts with the IT service provision for the ITO client. It needs to be ensured that the implemented services and processes are officially transferred to the production team. This transfer needs to be conducted before the transition team should be allowed to leave. There are potentially conflicted objectives (such as leaving relatively quickly versus staying with the complete team until the end of the transition) between transition and production team, which need to be resolved early.

The CSFs are summarised in Table 6-16 and the SSF is shown in Table 6-17. These success factors are discussed in depth in section 5.10. The key tasks and the corresponding RACI table can be found in Table 6-18.

Table 6-16 Integration of new provider production team – critical success factors

Management capability/business activity	Critical success factors
Integration of new provider production team	<ol style="list-style-type: none"> 1. Early involvement of the new provider production team 2. Implementing critical IT service processes before IT service production by the new provider starts 3. Conducting a structured handover from the new provider transition team to the new provider production team

Table 6-17 Integration of new provider production team – secondary success factor

Management capability/business activity	Secondary success factor
Integration of new provider production team	<ol style="list-style-type: none"> 1. Identifying, addressing, and resolving conflicting objectives between new provider transition team and new provider production team

Table 6-18 Integration of new provider production team – key tasks and RACI

No.	Key tasks	Client	IP*	NP*
Integration of new provider production team (IP)				
IP1	Involve the new provider production team early during transition.	R	-	A,R
IP2	Define and implement critical IT service processes (incident, change, and configuration management) before IT service production by the new provider starts.	R	C	A,R
IP3	Develop processes and services that can be operated by the new provider production team.	C	-	A,R

No.	Key tasks	Client	IP*	NP*
IP4	Develop and conduct a structured handover from the new provider transition team to the new provider production team.	I	-	A,R
IP5	Identify, address, and mitigate conflicting objectives of transition team and production team.	I	-	A,R
IP6	Identify production team training needs (e.g. for the defined and implemented processes, service level agreements, service level reporting, and most critical services and applications).	I	-	A,R
IP7	Train production team (e.g. for the defined and implemented processes, service level agreements, service level reporting, and most critical services and applications).	I	-	A,R
IP8	Develop a strategy how key experts who transfer from the incumbent provider can be integrated effectively and efficiently into the organisation of the new provider.	I	-	A,R
IP9	Integrate key experts who transferred from the incumbent provider effectively and efficiently into the organisation of the new provider.	I	-	A,R
IP10	Ensure that the transition team does not leave the project before services and processes are successfully handed over to production team.	R	-	A,R
*IP= Incumbent provider, NP= new provider				

6.2.12 Experienced external project resources

Typically, ITO clients have no sufficient resources, which have the required capabilities and know how to manage ITO provider switching projects, and manage two ITO providers at the same time. Therefore, the ITO client often needs external experienced resources. The needed resources need to be identified and allocated early, so that they are available when needed. The external resources can support the ITO client for example by governing the ITO providers, by managing the project, or they can work as a mediator to smoothen the overall transition. Ideally, these resources have provider switching experience.

The CSF is summarised in Table 6-19, the SSF is shown in Table 6-20, and the key risk is shown in Table 6-21. The success factors and the key risk are discussed in depth in section 5.12. The key tasks and the corresponding RACI table can be found in Table 6-22.

Table 6-19 Experienced external project resources – critical success factor

Management capability/business activity	Critical success factor
Experienced external project resources	1. Early involvement of experienced external project resources

Table 6-20 Experienced external resources – secondary success factor

Management capability/business activity	Secondary success factor
Experienced external project resources	1. Hiring independent external resources

Table 6-21 Experienced external resources – key risk

Management capability/business activity	Key risk
Experienced external project resources	1. Underestimating the complexity of switching providers and underestimating resource requirements

Table 6-22 Experienced external project resources – key tasks and RACI

No.	Key tasks	Client	IP*	NP*
Experienced external project resources (EE)				
EE1	Be aware that changing providers brings additional challenges and risks compared to the initial outsourcing.	A, R	I	R
EE2	Analyse, define, and specify the need for transition support by external resources.	A,R	-	-
EE3	Be aware that external resources should ideally have provider-switching experience, so that specific pitfalls can be avoided.	A,R	-	-
EE4	Be aware that external resources should be independent, so that a conflict of interests can be avoided.	A,R	-	-
	Critically assess which tasks can be performed by external resources and which tasks need to be performed by internal resources.	A,R	-	-
EE5	Consider hiring an external mediator to prevent costly legal conflicts.	A,R	-	-
EE6	Define which external resources need to be selected before the transition starts, or at an early phase of the transition, so that they can be integrated into the customer organisation as required.	A,R	-	-
EE7	Identify and select external resources for transition support.	A,R	-	-
EE8	Ensure that external resources understand customer requirements, which are explicitly stated within the contract.	A,R	-	-
EE9	Ensure that external resources also understand important implicit customer requirements.	A,R	-	-
*IP= Incumbent provider, NP= new provider				

6.2.13 Trust

Trust appears as a central key factor for a successful ITO provider switching transition. Trust is the foundation for many necessary activities during transition such as knowledge transfer, transfer of key experts, and jointly managing the project. Ideally, there is a high degree of trust between all three parties. However, often the incumbent provider views the termination of the contract as a breach of trust and acts accordingly. This can result in unsupportive or even hostile actions on all levels. Therefore, the ITO client and the new provider should try to develop a culture, where trust can develop. A trustful relationship between the ITO client and the new provider is a crucial condition for the success of the transition. However, due to the enormous complexity of switching ITO providers and the resulting challenges, difficulties, and problems, the mutual trust will probably be put into question over the period of the transition. Therefore, it is important that the development of trust will be systemically facilitated.

The CSF is summarised in Table 6-23 and the key risk is shown in Table 6-24. The success factor and the key risk are discussed in depth in section 5.14. The key tasks and the corresponding RACI table can be found in Table 6-25.

Table 6-23 Trust – critical success factor

Management capability/business activity	Critical success factor
Trust	1. Facilitating a trusting relationship between the customer and the new provider

Table 6-24 Trust– key risk

Management capability/business activity	Key risk
Trust	1. Incumbent provider may conduct hostile strategies to purposefully disrupt trust between the customer and the new provider

Table 6-25 Trust – key tasks and RACI

No.	Key tasks	Client	IP*	NP*
Trust (TR)				
TR1	Agree (new provider) only to objectives which are accomplishable.	C	-	A,R
TR2	Be aware that a trustful relationship (customer, incumbent provider, new provider) is ideal for the achievement of customer’s objectives.	A,R	R	R

No.	Key tasks	Client	IP*	NP*
TR3	Be aware that the incumbent provider will interpret the termination of the contract as trust violation.	A,R	-	R
TR4	Be aware that a trustful relation between customer and new provider is necessary for the achievement of customer's objectives.	A,R	-	R
TR5	Understand that a lack of trust between the involved parties might have major negative consequences for the complete transition.	A,R	-	R
TR6	Assess the risk that the incumbent provider will perform a hostile strategy to disrupt trust between the customer and the new provider.	A,R	-	R
TR7	Develop a strategy to address a potential trust disruption strategy of the incumbent provider for example with: <ul style="list-style-type: none"> Escalation strategies Mitigation strategies 	A,R	-	R
TR8	Develop strategies how trust can systematically be facilitated for example with team events, or sharing of project rooms	A,R	-	R
TR9	Conduct trust building strategies such as team events, or sharing of project rooms.	A,R	-	R

*IP= Incumbent provider, NP= new provider

6.2.14 Escalation management

Due to the particular challenges in ITO provider switching projects, there is a high potential for conflict and escalation. Permanent escalations can slow down the complete transition and have the potential to damage required trust and can lead to costly legal disputes. Therefore, a comprehensive escalation strategy needs to be implemented. Mediating communication between all three parties is important.

The CSF is shown in Table 6-26. The success factors are discussed in depth in section 5.16. The key tasks and the corresponding RACI table can be found in Table 6-27.

Table 6-26 Escalation management – critical success factors

Management capability/business activity	Critical success factors
Escalation management	<ol style="list-style-type: none"> Implement a comprehensive escalation strategy Deescalating conflicts where possible

Table 6-27 Escalation management – key tasks and RACI

No.	Key tasks	Client	IP*	NP*
Escalation management (EM)				
EM1	Define, agree, and implement a comprehensive escalation strategy, which involves all three parties (customer, incumbent provider, new provider). The escalation process should start at team level and should end at top management level.	A, R	R	R

No.	Key tasks	Client	IP*	NP*
EM2	Define an escalation policy, which determines for which occurrences the escalation process should be used and how it should be used. Escalations should follow a pre-determined path.	A,R	R	R
EM3	Ensure that the escalation process is implemented at the beginning of the transition.	A,R	R	R
EM4	Ensure that the escalation process is applied as defined in the policy.	A,R	R	R
EM5	Deescalate conflicts where possible.	A,R	R	R
*IP= Incumbent provider, NP= new provider				

6.2.15 Project communication (communication of change)

The change of ITO providers often brings temporary dissatisfaction and frustrations, not only on the provider side, but also on the client side. These frustrations can have a variety of causes on the provider side such as, reduced service levels, and IT service disruptions during the transition. Therefore, it is important that the ITO client develops and implements a comprehensive communication strategy to smoothen the change to the new IT provider. Often, the customer has only a limited amount of own resources, which are available and have the sufficient communication capabilities. Therefore, it may be helpful, if communication professionals support the ITO customer.

The CSF is summarised in Table 6-28 and the SSF is shown in Table 6-29. The success factors are discussed in depth in section 5.18. The key tasks and the corresponding RACI table can be found in Table 6-30.

Table 6-28 Project communication (communication of change) – critical success factor

Management capability/business activity	Critical success factor
Project communication (communication of change)	1. Implementing a comprehensive change and communication strategy

Table 6-29 Project communication (communication of change) – secondary success factor

Management capability/business activity	Secondary success factor
Project communication (communication of change)	1. Considering using dedicated communication professionals to support customer communication

Table 6-30 Project communication (communication of change) – key tasks and RACI

No.	Key tasks	Client	IP*	NP*
Project communication (communication of change) (PC)				
PC1	Implement a comprehensive change and communication strategy.	A,R	I	R
PC2	Expect resistance to change.	A, R	-	R
PC3	Budget project communication resources.	A,R	-	R
PC4	Assess the need for hiring external professional communication resources.	A,R	-	R
PC5	Hire external professional communication resources, if needed.	A,R	-	R
PC6	Be aware that effective communication will facilitate the acceptance of the new provider by ITO client employees.	A,R	R	R
PC7	Address different stakeholders (e.g. end-users, business users, etc.) with an adequate communication strategy.	A,R	R	R
PC8	Communicate reasons and the necessity for the provider change (e.g. cost reduction, technology change, etc.).	A,R	-	R
PC9	Communicate strategy, process, and technology changes.	A,R	R	R
PC10	Communicate agreed service levels to affected stakeholders.	A,R	-	R
PC11	Communicate expected problems, which are related to the transition proactively.	A,R	R	R
PC12	Communicate major milestones to stakeholders.	A,R	R	R
PC13	Communicate the successful achievement of major milestones	A,R	-	R
PC14	Communicate in a fair way with the old provider.	A,R	-	R
*IP= Incumbent provider, NP= new provider				

6.3 Conclusion

To answer the third research question, a conceptual framework for the switching of ITO providers with the specific focus on transition was developed. The framework was developed from the ITO client perspective. However, the framework also provides theoretical and practical insight for both, incumbent ITO providers and new ITO providers. The conceptual framework can be used in conjunction with the RACI tables. No conceptual or operational framework for switching of ITO providers were existing before this research. With the development of the conceptual framework, RQ3 and RO3, as shown in Table 6-31 , were answered and achieved.

Table 6-31 Research question 3 and research objective 3

Research question (RQ) 3	Research objective (RO) 3
What conceptual model or framework can be developed for the switching of ITO providers and how can this be applied in practice?	To develop a conceptual and operational framework for switching ITO providers with the specific focus on transition. The conceptual framework will be developed for the ITO client perspective.

7 CONCLUSIONS

7.1 Introduction

In this chapter, conclusions for this research are provided. Furthermore, the contribution of this thesis to research will be summarised, and limitations will be analysed. Finally, suggestions for further research are presented. Analysis of ITO literature has revealed that when ITO contracts are discontinued that ITO clients then have four options of how to proceed. ITO outsourcing clients can either (1) switch the ITO provider, (2) source the IT back in-house (Whitten et al., 2010, p. 167), (3) launch new IT organisation, or IT company (Freytag et al., 2012), (4) or to continue the contract with the incumbent provider (Lacity et al., 2008; Willcocks, 2011). Lacity et al. (2008, p. 21) estimated that ITO clients decide to switch ITO providers in 25% of the cases. If ITO clients decide to switch ITO providers then a transition needs to be conducted. The analysis of the researched literature showed that transition is a highly complex, resource intense and costly phase, which needs to be conducted successfully to enable a successful ITO outsourcing. An unsuccessful transition, in the researched dimension, can endanger the overall business continuity since companies are usually depended on IT. The literature review revealed that the root cause for the majority of failed ITOs can be found in unsuccessful transitions (Beulen & Tiwari, 2010). The market for ITO is still growing and the revenue was forecast to reach \$288 billion in 2013 (Rivera & Vandermeulen, 2013). This, in combination with the finding that various ITO contracts are in serious trouble or are prematurely discontinued (Clark, 2013) have sparked the interest for this research. The literature review revealed that although the switching of ITO providers is a highly relevant topic, the research on switching ITO providers is very limited. Most research focused on switching costs (Whitten, 2010), decisions on switching or backsourcing (Whitten & Leidner, 2006), or on limited areas such as knowledge transfer in provider switching situations (Alaranta & Jarvenpaa, 2010).

7.2 Conclusions about research objectives

Through the critical literature review, several gaps in the literature were revealed. These gaps led to three research questions and three research objectives for this thesis. Concluding remarks on the three research ROs will be given in the next three sections.

7.2.1 Conclusions about RO1

RO1: To establish the main factors which contribute to the successful switching of IT outsourcing providers.

To meet RO1, the main factors, from the ITO client perspective, which contribute to the successful switching of ITO providers, were established. The finding of this research is that ten management capabilities/business activities are required for the successful switching of ITO providers. These ten management capabilities/business activities are:

- Project management
- Knowledge transfer
- Transfer of key experts
- Mixed mode – temporary multi-sourcing
- Integration of new provider production team
- Experienced external project resources
- Trust
- Escalation management
- Project communication (communication of change)
- Transition strategy

7.2.2 Conclusions about RO2

RO2: To analyse and classify these factors and to provide operational guidance for the ITO client.

For achieving RO2, it was required that the ten management capabilities/business activities were analysed and classified. Additionally, it was required that operational guidance for the ITO client is provided. Based on the initial critical literature review and in combination with the development of the provisional conceptual framework, initial classifications were developed. In chapter 5 the interviews were analysed and the results were compared with the final literature review. This resulted in success factors, which were then prioritised into CSFs and SSFs. Key risks were identified based on the indication made by interview participants. This research has identified forty-three CSFs, four SSFs, and nine key risks. The identified CSFs enable managers and practitioners

to focus their limited resources and attention to the most critical areas for switching ITO providers successfully. The SSFs guide to areas, which are also important for the ITO switching process, but these factors are not critical for the success.

The identified key risks indicate which risks typically arise in ITO provider switching projects. These key risks need to be monitored, evaluated, and if possible mitigated. If key risks are not adequately monitored and mitigated they can, if they materialise, lead to an unsuccessful transition. It can be assumed that all CSFs can, if they are neglected, turn into key risks. For example, the seventh CSF for project management is: "Incorporating major project deliverables from the client, incumbent, and new provider into one master project plan". If this CSF is neglected then there is the risk that major project deliverables cannot be found in the master project plan, which might result in a non-reliable project plan. The key risk could then be formulated as: "Major project deliverables from the client, the incumbent, and the new provider are not incorporated into one master project plan which results in a non-reliable project plan". The detailed discussions of the identified success factors and key risks provide operational guidance for ITO clients.

Project management

Transition projects, in the dimension researched in this thesis are highly complex, resource intensive, challenging and risky. Typically, the ITO customer has outsourced the required knowledge to the incumbent provider. The new provider has not yet the required knowledge to provide IT services as needed at the beginning of the transition. Therefore, both parties, the ITO customer and the new provider rely on the support from the incumbent provider. However, the incumbent provider has often no interest in supporting the ITO client and the new provider to conduct a successful transition. This research found that such projects can only be successfully managed and completed with a sophisticated project management approach. It is a particular challenge for the customer to manage a project where all three parties have potentially different objectives. ITO customers need to ensure that detailed project deliverables will be defined at the beginning of the transition. However, this results in major challenges for all involved parties, since there will be usually thousands of project deliverables. This means that not all deliverables can be defined in detailed in the earliest phase of transition. The defined success and approval criteria need to be understood and accepted by all three parties. This research found that business continuity is the overarching

transition success criterion. The project plan needs to be jointly developed by ITO customer and the new provider, and the plan needs to incorporate all major project deliverables and needs to show interlinkages. This research has found that there is the risk that the incumbent provider leaves the transition project, when the contract has reached the end, regardless if support is still required. This was also previously found by Chua et al. (2008, p. 20). The customer needs to manage ITO switching costs, since provider switching projects are so complex, that unbudgeted switching costs will arise. These costs can be extremely high (Whitten et al., 2010), even so high that the business case for switching ITO providers might no longer be valid.

Knowledge transfer

Successfully transferring knowledge from the incumbent to the new provider is not only of critical importance for a successful transition. When the identified key knowledge is not transferred as required to the new provider, then the new provider will likely fail to deliver IT services as contractually agreed which in turn leads to issues for the business of the ITO client since business process may not be supported by the IT as required. This finding is in line with the findings made by Alaranta and Jarvenpaa (2010) and Scott (2009). Knowledge can be transferred to the new provider in various ways such as by transferring documents, training by the incumbent provider, by work shadowing, and by transferring key experts. However, it needs to be clarified if the incumbent provider is willing to allow work shadowing or is willing to train employees of the new provider. Research participants pointed out that discussions about intellectual property need to be expected. Potential intellectual property issues need to be identified and resolved early, since these might slow down or interrupt the complete transition. The incumbent provider might offer to solve intellectual property issues for an uneconomical price (Scott, 2009). Another risk is that the incumbent provider might conduct a hostile strategy. This was also previously found by Chua et al. (2008). The challenge for knowledge transfer is that often a large amount of complex knowledge needs to be successfully transferred within a short period. This requires that the new provider has a high absorptive capacity to be able to integrate the transferred knowledge, quickly. Ideal for transferring knowledge is a trustful relationship between all three parties. However, it may be assumed that the relationship with the incumbent provider is disrupted due to the cancellation of the contract. However, even if the trustful relationship is impaired, the close cooperation between all three parties is necessary. Alaranta and Jarvenpaa (2010) called this "joint collaboration". This research has found

that employees of the incumbent provider have often little motivation to support the knowledge transfer, since often reciprocity cannot be expected. The low motivation is even reinforced by the fear of job loss.

Transfer of key experts

The transfer of selected key experts is an important prerequisite for a successful transition since complex tacit knowledge cannot be easily transferred. This was also found by Alaranta and Jarvenpaa (2010) who called it the "re-use" of experts. Some knowledge, which needs to be transferred in a short period, is so complex that it cannot be transferred without the expert itself. This was also found by Teece (2003) and Peterson et al. (2003). The ITO client should identify the key experts to be transferred to the new provider. Based on a cost-benefit analysis the new provider needs to decide then whether the identified key experts are required. The right timing for transferring the key experts is essential, since the experts often need to work for both providers at the same time for a transition period. The transferred key experts need to be quickly integrated into the new provider organisation so that they are able to work within the new context. There is a risk that the transferred key experts implement solutions which were appropriate within the old environment, but not within the context of the new provider.

Mixed mode – temporary multi-sourcing

Provider switching projects, in the researched dimension, will have a temporary phase of multi-sourcing. During this phase, the incumbent provider and the new provider will both provide IT services for the ITO client. This phase is characterised by a high degree of complexity. The ITO client and the new provider often underestimate this complexity. The phase of temporary multi-sourcing can even become so complex that business continuity is endangered. Therefore, the temporary multi-sourcing phase needs to be planned in sufficient detail. The planning typically reveals gaps, which have not been considered. A typical gap might be that the incumbent provider is not contractually required to work with the new provider. It can be sensible that the existing contract is adapted to close the identified gaps. During transition, an effective IT governance needs to be implemented. An effective governance consists of clearly defined and implemented roles and responsibilities, boards, and meetings, which governs the IT. This research showed that the incident management process needs to be adapted so that the particular challenges of the temporary multi-sourcing can be managed. Particularly

challenging is that it may be unclear who is responsible for solving the incident. Often, all three parties (the ITO client and both providers) need to work hand in hand to solve the incident. This research showed that there is the risk that the incumbent provider is unsupportive and pursues own objectives. This finding is in line with the findings by Andrews (2007) who wrote about multi-sourcing contracts in general. It is important for ITO customers to understand that agreed service levels can neither be achieved nor enforced during the complex multi-sourcing period, since it is often not possible to determine who is responsible for the service level degradation.

Integration of new provider production team

The production team of the new provider needs to be involved early during transition. Otherwise, there is the risk that the transition team implements IT services and processes, which cannot be serviced by the production team. The early integration of the new provider production team enables the new provider to understand the customer environment, so that the team can provide IT services as required. All critical IT service processes need to be implemented and available before the IT service production by the new provider starts. These critical IT service processes are incident management, change and configuration management. This research indicated that this is not always the case and can then lead to serious business issues. Before responsible transition team members leave the transition it needs to be ensured that a structured handover process to the new provider production team is conducted.

Experienced external project resources

This research has found that the transition to a new provider is a highly resource intensive project with many potential pitfalls which can result in serious business issues for the ITO client. The ITO client organisation has usually neither the resources nor the experience to manage such projects. Therefore, all research participants suggested that experienced external project resources are required to support the ITO client. However, external resources cannot perform all tasks. Some tasks require knowledge and experience of the internal ITO client organisation. Therefore, ITO customers need to evaluate critically, which tasks external resources can perform. The advantage of experienced external resources is that they have experienced similar situations, know the typical pitfalls and can therefore support the ITO client to achieve a successful transition. This research showed that ITO clients typically underestimate the amount of resources required and the capabilities required.

Trust

A trusting relationship between all three parties simplifies all activities. However, this research found that it can be assumed that the incumbent provider views the cancellation of the contract as a breach of trust. If there is no trusting relationship with the new provider then this can lead to a situation where the new provider needs to justify all activities. This might considerably slow down the overall transition and can lead to additional costs. This finding is supported by Sabherwal (1999) who researched IT development projects. Enduring distrust can be highly frustrating for all parties. This research showed that some incumbent providers conduct strategies with the goal to disrupt trust between the new provider and the ITO client. The ITO client should systematically facilitate trust.

Escalation management

In provider switching projects there are three parties with different or slightly different objectives involved. Provider switching projects are characterised by that the incumbent provider has lost its customer and that the new provider has not yet the knowledge to deliver IT services as required. Additionally, the new provider is dependent on the support of the incumbent provider. During the transition phase, service levels are often degraded. All this can potentially lead to conflicts. Conflicts can lead to legal disputes and in the worst case to an unsuccessful transition. To avoid this a comprehensive escalation strategy needs to be designed and implemented. Conflicts need to be deescalated where possible to avoid negative relationship consequences and free up required resources. This is in line with the findings of the case study by Alaranta and Jarvenpaa (2010) who found that escalations should not disrupt the joint collaboration between the ITO client and the provider.

Project communication (communication of change)

Switching providers means that many things (contracts, processes, service level, provider, costs, etc.) will be constantly changed or adapted. Changes in the researched dimensions often cause frustration and dissatisfaction amongst all involved parties. With an adequate communication strategy, the customer has the opportunity to communicate the expected changes and adjustments. The ITO client should communicate major transition milestones within the ITO client organisation, so that the

employees know what to expect. If it is anticipated that service levels will be reduced, then this should be proactively communicated.

Transition strategy

A transition strategy needs to be designed with the objective that the transition needs to be manageable and the complexity is reduced. This research indicated that transitions in this dimension require a phased approach. When designing a transition strategy then the term transition should be clearly distinguished from the term transformation. When both terms are distinguished than transition means that services are transferred in the current mode of operations (CMO). Transformation means that services are transformed directly into the future mode of operations (FMO). It needs to be decided which services are transferred in the CMO and which services are transformed directly to FMO. Transforming too many services at once to the FMO can be risky. This finding is supported by Hild (2013) and Kimball (2003).

7.2.3 Conclusions about RO3

RO3: To develop a conceptual and operational framework for switching ITO providers with the specific focus on transition.

To meet RO3 it was required that a conceptual and operational framework was developed. This framework should specifically focus on the transition when ITO providers are switched. In chapter 0 this conceptual framework was developed. This framework holistically shows which management capabilities/business activities are required to switch ITO providers successfully. The conceptual framework was developed based on the conclusions of the research findings and on the final literature review. This means that the conceptual framework is a further development of the provisional framework. In conjunction with the developed RACI tables, this framework forms an operational framework. The RACI tables show the most important tasks to be conducted for each of ten management capabilities/business activities. Moreover, the RACI tables provide an indication about who should be responsible, who should be accountable, who should be consulted, and who should be informed when a task is performed.

7.3 Contribution to research

7.3.1 Contribution to theory

This thesis provides new knowledge on switching ITO providers. The main contributions of this research thesis are (1) the identification of the ten management capabilities/business activities, (2) the identification of CSFs, SSFs, and key risks, and (3) the development of an operational and conceptual framework for switching ITO providers. This framework is depicted in Figure 6-2. Before this research was conducted none of these three contributions existed in a holistic view. The existing academic literature on factors contributing to ITO switching success is very limited and mainly focussed on switching costs (Whitten, 2010), on decisions for changing providers (Whitten & Leidner, 2006), or on a one particular aspect of switching providers such as knowledge transfer (Alaranta & Jarvenpaa, 2010). Table 7-1 summarises the contributions to knowledge of this thesis.

Table 7-1 Research deliverables and contribution to knowledge

Research deliverables	Contribution to knowledge
Critical literature review	No literature review existed in which existing literature was reviewed regarding the switching of ITO providers, holistically. However, there was limited literature, which reviewed subareas of ITO provider switching success (e.g. knowledge transfer). Therefore, the critical literature review is considered as an extension of knowledge .
Transition strategy success factors	Transition strategy has not been previously researched in the context of switching of ITO providers. Therefore, the knowledge on CSFs is considered as extension of knowledge .
Project management success factors and key risks	Transition strategy has not been previously researched in the context of switching of ITO providers. Therefore, the knowledge on CSFs and the key risk is considered as extension of knowledge .
Knowledge transfer success factors and key risks	Very limited research existed on knowledge transfer when providers are switched. Therefore, the knowledge on CSFs, SSFs, and key risks are considered as extension of knowledge .
Transfer of key experts success factors and key risks	Very limited research existed on transfer of key experts when providers are switched. Therefore, the knowledge on CSFs, and key risks are considered as extension of knowledge .
Mixed mode – temporary multi-sourcing success factors and key risk	Very limited research existed on temporary multi-sourcing when providers are switched. Therefore, the knowledge on CSFs and the key risk are considered as extension of knowledge .
Integration of new provider production team success factors	This research provided evidence that the integration of new provider production team is a critical management capability/business activity for the success of switching ITO providers. Three CSFs and one SSF were identified and discussed. This research also showed that it is critical for the success of switching ITO providers that the critical IT service processes need to be implemented before the service production

Research deliverables	Contribution to knowledge
	by the new provider starts. Moreover, it was shown that a structured handover from the new provider transition team to the new provider production team is critical for the success. The critical literature review revealed that the integration of new provider production team has not been previously researched in the context of switching of ITO providers. Therefore, the knowledge on CSFs and the SSF is considered as new knowledge .
Experienced external resources success factors and key risk	Experienced external resources have not been previously researched in the context of switching of ITO providers. Therefore, the knowledge on the CSF, the SSFs and the key risk is considered as extension of knowledge .
Trust success factors and key risk	Trust has not been previously researched in the context of switching of ITO providers. Therefore, the knowledge on the CSF and the key risk is considered as extension of knowledge .
Escalation management success factors	Escalation management has not been previously researched in the context of switching of ITO providers. Therefore, the knowledge on CSFs is considered extension of knowledge .
Project communication success factors	Although project communication has not been previously researched in the context of switching of ITO providers it will considered as confirmation of existing knowledge , since no new knowledge has been discovered.
Conceptual and operational framework for switching ITO providers	The key deliverable of this thesis is a model that combines the CSFs, the SSFs, and the key risks within one framework. This framework provides a holistic view of the management capabilities/business activities that are necessary to ensure a successful switching of ITO providers. For each management capability/business activity a RACI table is provided, which outlines key tasks and responsibilities. Although, this framework was primarily developed for ITO clients it will also be of help for new ITO providers and for incumbent providers. A critical review of the literature revealed that neither a conceptual framework, nor an operational framework for the switching of ITO providers existed. The literature review also revealed that no holistic operational guidance for practitioners, existed. Therefore, this framework is considered as new knowledge .

With this thesis, the identified gaps in the literature, which lead to RQs and ROs, were closed.

7.3.2 Contribution to practice

A professional doctorate often contributes knowledge for practitioners (Bourner, Bowden, & Laing, 2001, p. 71). This study was designed to develop a conceptual framework and operational guidance for practitioners. This research was conducted from the ITO client perspective, although the findings may also be useful for incumbent and new providers. ITO clients can use the developed framework in conjunction with the detailed discussions of the ten management capabilities/business activities. This

framework provides a holistic view of the CSFs, the SSFs and the identified key risks of switching ITO providers. The identified CSFs and SSFs help practitioners to understand on which factors attention needs to be focused to be successful. With the support of the conceptual framework, key risks can be more easily recognised and identified, and steps for their mitigation can be initiated. Moreover, this holistic framework provides, for each of the identified management capabilities/business activities, a dedicated RACI table. By using the RACI tables, ITO clients have a good indication, which key tasks need to be conducted and who is responsible, who is accountable, and who needs to be consulted or informed, to successfully switch ITO providers. Although this research was developed from the ITO client perspective, the findings are also valuable for new and incumbent providers. Both providers can use this framework and adapt it to their needs.

7.4 Limitations of the present study

The research scope of this thesis was limited to complex ITO switching deals where 'complex' was defined as a) that the total contract value of ITO exceeds more than €100 million and b) that at least two IT services needed to be switched. This means it is not clear how the results of this research can be generalised on non-complex ITO deals. Another limitation of this study is that the research was conducted from the ITO client perspective. It can be anticipated that the results of this thesis provides valuable guidance for the incumbent provider and the new ITO provider, although it needs to be assumed that these two perspectives would require different and/or adapted management capabilities/business activities to ensure a successful switching of ITO providers. A further limitation of this research is the number of research participants, which have been interviewed. For this research, the interview data of twenty-one research participants was analysed and it could be argued that the research would have been enhanced by a greater number of participants. To increase reliability and validity various verification strategies (see Table 4-6) were conducted. Additionally to that validation procedures (see Table 4-7) were performed to "to check the accuracy of findings" (Creswell & Miller, 2000, p. 191).

7.5 Implications for further research

This study identified areas for further research. These areas are presented in the sections below.

7.5.1 Switching costs

Previous research (see section 2.2.2.1) and this research found that switching costs could be very high. Switching costs can even become so immense that the business case renders invalid for both the ITO customer and the new ITO provider. However, it is not yet fully clear how switching costs can be effectively calculated, especially before the ITO provider-switching project has started and how switching costs can be managed when the transition has started. Research dedicated on switching costs for ITO provider switching projects would deliver highly required information for ITO clients. If ITO clients were able to calculate switching costs more accurately, sourcing decisions could be differently if they are based on more reliable financial information. With a more accurate calculation of switching costs, ITO clients may decide other options than switching ITO providers.

7.5.2 New provider and incumbent provider perspectives

This research was conducted from the ITO client perspective. Although, this research is also useful for incumbent and new providers, this study has not specifically focused on neither the incumbent provider, nor the new provider perspective. For both new and incumbent providers, dedicated research on either the new or the incumbent provider perspective would be valuable. Incumbent providers may for example learn from such a study how they could protect their intellectual property from being transferred to a competitor. Additionally, incumbent providers may learn how they can benefit from the provider switching situation. For new providers a dedicated research would reveal dedicated success factors for new providers in provider switching projects.

7.5.3 Strategies for the incumbent providers to get re-selected

In section 2.2.2 the four factors (see Figure 2-3) which influence sourcing decisions of ITO clients were discussed. These four factors are (1) switching costs, (2) relationship

quality, (3) fear of losing knowledge, and service quality (4). It could be anticipated that many ITO providers would like their contracts to be extended for a new contract period since providers have often invested large amount of capital into the ITO deal with the customer. If the contract is not extended then a large amount of this investment are sunk costs. Moreover, the ITO provider who has lost the deal needs to invest into business development to find a new ITO client. Therefore, further research is warranted on strategies of how incumbent ITO providers can increase the likelihood for getting their contracts extended.

7.5.4 Key success factors for switching ITO clients before the transition starts

In section 2.3.2 it was established that during the pre-delivery phase with the new provider (see Figure 2-2) important foundations for the success of changing ITO providers will be laid. In this phase important decisions are made, which often cannot be reversed during the transition phase, or only with great difficulty. For example, if the ITO client finds out during transition that the new provider lacks the necessary experience, then this can lead to major difficulties during transition and for the complete ITO lifecycle. These difficulties may lead to increased costs for the ITO outsourcing deal and may lead to serious business issues. Although, the pre-delivery phase with the new provider is so significant for the complete ITO lifecycle it appears to be under-researched. An important first contribution to this critical phase has been made by Sia Siew et al. (2010) with their paper "Switching IT Outsourcing Suppliers: Enhancing Transition Readiness". Sia Siew et al. (2010) provided six factors, which are critical for the success in the pre-delivery phase of switching ITO providers (see Table 2-2). Sia Siew et al. (2010) researched a single case study and it would be interesting to see research which is based on multiple ITO clients.

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Appendices

Appendix 1 Interview documents



Title of research project: **A new conceptual and operational framework for the switching of IT Outsourcing providers**

Researcher:

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Supervisor:

Name: Dr Martin Wynn
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Dear [name],

I am a research student (Doctor of Business Administration) at the University of Gloucestershire. I would like to invite you to participate in an interview on factors contributing to the success of switching IT outsourcing (ITO) providers. The overall interview session will be scheduled for 120 minutes, whereof the actual interview will take approximately 90 minutes. The interview will be conducted in a quiet location free from disturbances. The interview can take place in a location, which is selected by you. Otherwise, I can offer an interview location.

It is planned that the interview will be audio recorded. You can decide that the interview will not be audio recorded. In this case, I will take written notes. The interview will be transcribed and I will send you the transcript for a final review. You can indicate "off the record information". After indication, "off the record information" will be deleted and will not be part of analysis. The interview transcripts will be electronically stored. Your name will be anonymised and will not be published. Audio-records and transcription material will be destroyed after the thesis is finally approved. This research will result in a doctoral thesis and the findings will be presented at conferences and will be published in journals. By being part of this study, you will help practitioners and scholars to understand the success factors contributing to the switching of ITO providers. On request, I will send you the approved thesis. There are no known risks for you in participating in this study.

Aim of this research:

The aim of this research is to contribute to the understanding and knowledge of which factors contribute to a successful transition of when ITO providers are switched. This research is conducted from the ITO client perspective. A conceptual and operational framework will be proposed and developed for ITO clients. This framework will help ITO clients to conduct transitions to a new provider, successfully. Although this framework will be particularly developed for ITO clients, it will also be of value for incumbent and new providers.

Scope of this research:

The scope of this research is limited to complex ITO deals. For the purposes of this research 'complex' is considered to comprise: a) large ITO deals with total contract value of more than €100 million and b) at least two IT services (e.g. network services and server production services) have been outsourced and need to be switched. The scope of this research is not limited to any specific industry. Although success for the client is interlinked with the success of the new provider and to some degree to that of the incumbent provider, this research will focus specifically on the factors, which make the transition a success for the outsourcing client.

Background information:

An extensive review of the literature has revealed that no studies researched the main factors, which contribute to the successful switching of ITO providers. Furthermore, it was discovered that neither a conceptual framework for the switching of ITO providers, nor a holistic operational guidance, existed. These identified gaps have led to this study. Through the review of the literature the necessity for researching the transition phase, when providers are switched, was established. The switching of ITO providers is a complex, risky and resource intensive endeavour with the transition as a major element for operational success. However, factors contributing to a successful transition from the incumbent provider to the new provider are not fully understood. Yet understanding these factors is vitally important since these success factors determine the success or the failure of the overall provider switching process. Ultimately, the survival of the overall business can be linked to a successful transition.

In the table below, you find the agenda for the interview.

Agenda topic	Who	Scheduled duration
1. Introduction	Matthias Olzmann and interviewee	3 minutes
2. Present and explain research topic	Matthias Olzmann	5 minutes
3. Explain research design (high-level)	Matthias Olzmann	3 minutes
4. Explain interviewing process	Matthias Olzmann	2 minutes
5. Sign informed consent form	Interviewee	2 minutes
6. Conduct semi-structured interview	Matthias Olzmann and interviewee	90 minutes
7. Conclusion	Matthias Olzmann and interviewee	5 minutes
Buffer for additional time needed		10 minutes
Total duration		120 minutes

In the table below, you find the interview protocol structure.

Research sub-question	Scheduled duration
1. When switching ITO providers– how important is it that success is defined for the transition? And what is the definition of success for the transition?	7 Minutes
2. When switching ITO providers – who should define success?	7 Minutes
3. When switching ITO providers – what are project management success criteria for the transition?	7 Minutes
4. When switching ITO providers - what factors contribute to a successful knowledge transfer during the transition?	7 Minutes
5. When switching ITO providers - what factors contribute to a successful transfer of key experts during the transition?	7 Minutes
6. When switching ITO providers - what factors contribute to a successful mixed mode – temporary multi-sourcing during the transition?	7 Minutes
7. When switching ITO providers - what factors contribute to a successful integration of the new provider production team during the transition?	7 Minutes
8. When switching ITO providers - how important are experienced external project resources for the success of the transition?	7 Minutes
9. When switching ITO providers - how important is trust for the success of the transition?	7 Minutes
10. When switching ITO providers – what factors contribute to a successful escalation management during the transition?	7 Minutes
11. When switching ITO providers – what factors contribute to a successful project communication (communication of change)?	7 Minutes
12. When switching ITO providers - what factors contribute to a successful transition strategy?	7 Minutes
13. When switching ITO providers – what other factors contribute to a successful transition?	6 Minutes
Total interview duration	90 Minutes

This research is being conducted under the guidelines of the University of Gloucestershire’s Handbook of Research Ethics. The research plan has been approved by the University, but the contents and opinions expressed in this research instrument are those of the researcher and in no way represent those of the University of Gloucestershire.

Thank you very much for participating in this interview.

Matthias Olzmann

Informed consent form

Title of research project: **A new conceptual and operational framework for the switching of IT Outsourcing providers**

Name of the researcher:

Matthias Olzmann

I confirm that I have received and read the information letter.	Yes	No
I understand that I participate in a research study.	Yes	No
I understand that I have the right to refuse the participation in this research at any stage.	Yes	No
I understand that I am not required to participate.	Yes	No
I understand that the interview will be audio recorded and transcribed.	Yes	No
I understand that I have the right to refuse audio recording at any stage.	Yes	No
I understand that the research will result in a doctoral thesis and that the findings will be presented at conferences and will be published in journals.	Yes	No
I understand that I can contact the researcher or the supervisor to ask questions and to discuss the research.	Yes	No
I would like to participate in this research.	Yes	No

Name:

Job position:

Years of IT outsourcing experience:

Years of ITO provider switching experience:

Contact number:

Email address:

Signature:

Date:

Appendix 2 Interview transcription example

Table Appendix 2-1 Interview transcription example (R₁)

Interviewer (I): How important is it that success is defined for the transition?
Respondent (R): I think that it is very important that you have clear rules of the game from the beginning. Typical project management rules are relevant. Clear definitions from the beginning facilitate the approach and orientation. Everyone then knows what to do. Then everyone has orientation and success can be subsequently measured.
I: This is interesting. What is the definition of success for the transition?
R: There has to be a foundation of trust. I think this is essential. Not everything is measureable in terms of figures, data, and facts in such a transition. And the new provider must ensure that trust will be developed. Second generation outsourcing [where providers are switched] is particularly difficult because there is often already a foundation of trust. And this is between the customer and the first provider. And in this situation the new provider needs to establish trust first. And the new provider must be able to increase the trust. And in addition to success criteria, predetermined breaking point criteria need to be defined. Then the customer and the provider know when the transition can be declared as unsuccessful. A predefined breaking point would be for example if the service desk has not been successfully implemented until a defined date with a predefined quality. KPIs [Key Performance Indicators] should be defined. We always define success KPIs. So that the customers has always the chance to check how the project team is performing. From the view of the customer, one of the key success criteria is that business continuity is maintained.
I: Who should define success?
R: The customer should define what the success criteria are because finally the customer has requested this deal. The new provider should be careful that its aspects are taken into account. I assume that the old provider does not leave voluntarily. But your focus is the customer perspective. And from the customer's point of view the customer should define success. Therefore, the customer should define: "For me is the transition successful when...". The one who pays should be accountable for defining the success criteria and this is the customer. The customer needs to understand and to agree how the new provider plans to perform the transition. Therefore, the success criteria are finally determined by the customer. Overall, I would not stress the role of the old provider too much. Otherwise, there is the danger that the old provider bends the success criteria too much in his direction to create an advantage.
I: What are project management success criteria for the transition?

R: Experienced and trained project managers. Experienced means that they need to have five years of project experience. The project manager should also have specific second generation outsourcing deal experience. This is important since these types of deals bring very special challenges. And it is like in real life. You can only really talk about what you have personally experienced. In no case, each party should plan for themselves. There must be a joint planning. There should be one party, which takes the lead and drives the whole project. The customer defines the master plan. The new provider can then do the detailed planning. There needs to be one master plan with the important milestone dates. The customer should be responsible for the management of the transition. The customer may delegate this task to the new provider. But even then the customer needs to control these activities then. The customer cannot delegate the complete responsibility. This would not work. This is because even the new provider has its own interests, which can differ from the interests of the customer. The customer must ensure that the plan meets its expectations. Communication is of course a key success factor. If you only have silent project members then this does not work.

I: So what does work?

R: The steering committee is the top of the escalation ladder and therefore at least the programme manager should attend. It cannot be said generally who should attend from top management. However, the people who attend should be capable of making decisions. A common problem of steering committees is that the members are not capable of making decisions. A typical steering committee problem is that the required decisions will not be taken. A basic prerequisite is that all decision makers are informed so that decisions can be taken. This is often not the case. For this to work you need a very good reporting. The reporting period and the reporting detail need to be agreed. The management team needs to be willing to process and understand the information, so that they are up to date. This has also to do with the importance of the transition for the customer. What is the priority of moving the transition forward?

I: You spoke about the importance of defining success criteria.

R: Yes, I did.

I: How important is the approval process for the deliverables?

R: The approval process is of critical importance. If you don't have an approval process implemented then how do you know that the deliverables have been implemented as required? You need this process. Ideally, the approval process is clearly defined and accepted from the beginning.

I: What else is important?

R: Speaking of deliverables it is very important that the relevant parties understand the deliverables. If the project deliverables are not understood and accepted by the relevant parties then this will mean a lot of trouble. Then you get all the discussions at the end and this is too late.

I: Are there any other project management success criteria?

R: Managing these type of projects is very complex. You have three different parties. It is mandatory that you have one master project plan. In my last switching project every party had an own plan. It is nearly impossible to manage such a complex project if you have different projects plans. You need to interlink the important milestones from all parties. The transformation needs to be managed jointly by the customer and the new provider. The customer is accountable. But neither the customer nor the new provider can manage the transformation without the other party. This type of project is very complex and it can be very risky. We implemented a dedicated risk management process with a dedicated full time resource to manage the risks. The customer, the new provider, and the old provider had to communicate and manage their key risks. The transition then became much more expensive than originally budgeted for both the customer and the new provider. Therefore, it is really important that you manage your costs. Otherwise, the complete transition can become unsuccessful because of your business case. Switching costs can become a big issue. My experience is that the old provider even tries to influence the project deliverables in his favour. If the customer is not careful then this means additional costs.

I: When switching ITO providers – what factors contribute to a successful communication (communication of change)?

R: Do develop an atmosphere where one can speak frankly. And to develop mechanism to that all parties can exchange information. If a party needs additional things or is dissatisfied. For all this, you have to develop a communication strategy and the corresponding atmosphere needs to be established very early. Communication is a major success factor.

I: Who should develop the communication strategy?

R: Same here. The customer must be responsible. Certainly, the customer can delegate tasks to the new provider. However, the customer needs to control the provider. Many customers think that they can outsource their problems to the provider. This is not the case, and problems start with the outsourcing since the customer needs to govern the provider. And provider governance is often underestimated. But provider governance is of major importance and influences the complete transition.

I: To what extend can the new provider control the old provider?

R: This is a very difficult project. From my experience, everything has to be decided by the client. There is no direct relationship between the old and the new provider. The providers do not want this direct relationship. Therefore, the client must be willing to be the top of the triangle.
I: How important are experienced external project resources for the transition?
R: If you take the typical provider governance organisation then you realise that it is resource efficiently staffed. In general, it is not designed for the control of two providers. This is the reason for having a lot troubles during this phase [transition]. Therefore, it makes perfect sense that the customer uses additional external support.
I: To what should the customer pay attention?
R: There are a few things to consider. The external resources need to be budgeted. They need to be available when required. You want the major key players involved early. So that they get the required know how. They need to be experienced. They need to be independent.
I: What do you mean by independent?
R: They should not come from a provider. Otherwise, there is the big risk that the new provider or the old provider does not accept them. Due to potential competition and intellectual property.
I: My previous interviews have indicated that knowledge transfer appears to be a key success factor. What are in your experience success factors for a successful transfer of knowledge?
R: High quality knowledge transfer will only work on the basis of trust between the old and the new provider. Building trust will take a while. And good will of the old provider is also needed. Because the old provider is asked to handover its knowledge voluntarily. Therefore, it is important that all parties act with much tact. It is important that the people who work together trust each other. If the expert of the old provider cannot stand the expert of the new provider then knowledge transfer will be difficult, incomplete, or impossible at all.
I: So trust is important for the successful transfer of knowledge?

R: Trust is of major importance for the complete transition. Regarding knowledge transfer, this means that the experts need to trust each other. And their managers need to trust each other. The common goal is to satisfy the customer. To conduct the transition for the customer and this from different perspectives. The perspective of the new provider is that the provider wants to get the transition started. And the old provider must come to terms with the fact that there is still a job to be done. That the old provider leaves the customer with a good reputation. And not with the reputation that he [the old provider] is unfair to the customer. This should not happen in any case. Usually these tasks for the old provider are paid reasonable.

I: Does this mean that the customer needs to budget the knowledge transfer?

R: In any case, the cost for the transfer of knowledge need to be factored in and it must be budgeted. And this type of cost is often ignored by the customer and the new provider.

I: Is the topic intellectual property relevant in this context?

R: Knowledge Transfer is often interrelated with the topic of intellectual property. This is often a reason for conflict. It is helpful if from the beginning it is defined what intellectual property means. "First provider, what is your definition of intellectual property? And how should we treat this topic?" The topic of intellectual property has the possibility to slow down the complete transition. There is the risk that topics related to intellectual property have to be decided by the legal department and top management. This decision process then can be very lengthy. And this can then have an impact on the project plan and can lead to delays. And it can possibly impact trust.

I: This is interesting. Are there any other important factors for successfully transferring knowledge?

R: You need to know which knowledge needs to be transferred. Define the relevant objects for knowledge transfer as early as possible. You need to have an approach to knowledge transfer since successfully transferring knowledge is one of the most critical aspects. It is difficult because the old provider needs to transfer knowledge to a competitor. And the employees will lose their jobs with the customer after they have successfully transferred their knowledge. If I would lose my job or my customer. So this is difficult. And depending on the old provider the old provider might be very unsupportive. The knowledge transfer approach needs to define what needs to be transferred, who should transfer, and how the identified knowledge should be transferred. Some knowledge can be transferred easily for example by transferring documents. Other knowledge is much more difficult to transfer. Application relevant knowledge. The handling of complex incidents. This type of knowledge cannot be transferred in a short time. Especially not if the old provider is not willing to transfer the knowledge. You need to consider training and work shadowing. But this can be

<p>costly. And it won't be clear if the old provider will agree, because this would mean that the old provider trains a competitor. For the knowledge transfer it is critical that the knowledge receivers are at the same level. They need to be level adequate so that they understand what they need to do.</p>
<p>I: How important is trust for the success of the transition?</p>
<p>R: With the termination of the contract, the customer has shown the old provider the red card. This will lead to various disruptions. Therefore, the customer needs to communicate the reasons for this change early to its own employees but also to the old provider. It is important that the customer does not give false hopes to the old provider. Openness and fairness is really the only thing that helps. Every provider needs to expect that its contract will not be prolonged. And the customer needs to be available as moderator. And this needs to be learned by the customer, if not everything runs smoothly between the old and the new provider. Everything else is an illusion. If there is no trust then there will be endless and often fruitless discussions. Then there will be delay tactics and each party will retreat to positions, which the party think are covered by the contract. Then the people on all sides get mad. People may leave because they simply state that they do not accept unprofessional behaviour any longer. The importance of trust is often underestimated. People and not contracts need to interact. The importance of trust is simply underestimated. Often, people are relying on technique or on the contract but it will not be considered that people need to interact. And I think that people who have more social skills have a competitive advantage.</p>
<p>I: If it is an illusion that everything runs smoothly what does this mean for escalation procedures? What factors contribute to a successful escalation management during the transition?</p>
<p>R: It is very important that effective escalation procedures are implemented. These procedures need to be reasonable, transparent, and quickly reacting. These procedures need to be implemented at the beginning of the transition. And the responsible escalation managers from the customer need to have a mediation ability. If the escalation managers are people who only brutally enforce the interests of the customer, then this is not sufficient. This is not only insufficient, but it will harm the customer, eventually.</p>
<p>I: What factors contribute to a successful transition of key experts?</p>
<p>R: If I make an irresistible offer to key resources then they will change. The customer should identify key resources which should transfer to the new provider. This is a common procedure that the customer develops lists with required people.</p>
<p>I: Are there other factors so that the transition of key experts is successful?</p>

R: The process should be initiated early. The customer can prepare this before the transition. So that the required information is available for all parties. In the first phase of the transition you will have more time to sit down and talk about details. The earliness and the preliminary work are success factors here. It is important that the production team is early involved. This is the same as with typical production projects. You have to involve the production team early, so that they know what they need to do. At the same time, it needs to be ensured that the production team is able to operate the developed processes. The production team also needs to develop the strategy of how the transferred resources can be involved by the new provider. And based on these experiences contract changes might be necessary.
I: You mentioned that if the customer makes an irresistible offer that the key resources would transfer. What does the customer need to consider for a successful transfer?
R: Timing is important. The key resources need to be available when the new provider needs them. Ideally, a bit earlier so that they have sufficient time to accommodate to the new environment, to the new employer, and to the new processes. If they transfer too early and are not yet required then there is a risk that they get demotivated. And often the old provider needs them for providing services. So this can be a two edged sword. This means that the transfer needs to be planned. By irresistible I mean not only money because the new provider needs also to have the business case in mind. I also mean opportunities and the potential for development.
I: Are there any other critical success factors regarding the transfer of key experts?
R: Maybe the old provider needs to get rid of people because of the lost customer. Certainly, the old provider does not want to lose its top performers. It can be a good idea for the new provider to discuss the human resources which the provider is about to hire with the customer to get a better view about their expertise. A final recommendation is that the whole process of identifying, selecting, and transferring key experts should be managed by human resources professionals and not by accountants. Sometimes in the heat of the moment, financial figures appear to be more important than the human being is.
I: What other factors contribute to a successful transition?
R: We have forgotten the change board. The change board discusses contract changes. I assume that the operational change board already exists. The change board needs to consist of the three parties. The change board will exist with the provider and the customer and the new provider needs to be integrated. There may be new aspects based on the experience from the first months. And based on this, contract changes may be required.
I: Why is the contract board important?

R: Because the contract is the basis for the transition. And all parties refer to the contract. From the contract, criteria are defined which determine whether the transition is successful or not. And monetary claims are related to the contract. Therefore, contract changes need to be conducted in a reliable way. There is nothing worse than a contract which is not defined in sufficient detail and which needs to be detailed during transition. If you work only based on the contract then there is always the sword of Damocles hanging over the transition. One cannot fully focus on the job and be sure that it will be a success. And this is a very unsatisfactory situation that diminishes success.
I: We have already talked about communication. What factors contribute to a successful project communication – communication of change?
R: Change communication is also extremely important. Because acceptance for this new provider needs to be created. The deal with the new provider often destroys relationships from the customer to well-known employees of the old provider. For the employees of the customer it is not necessarily understandable why the provider has changed. Therefore, there is the need to put a lot of effort into the communication of these changes and the reasons for them. This effort should be budgeted by the customer.
I: Is it possible to conduct a transition without negatively effecting the SLAs? Or does the customer needs to expect that service levels will be degraded?
R: That would be a brave new world, if a transition would be possible without degraded service levels. The client should expect that service levels will be degraded. The customer should expect that something goes wrong.
I: What factors contribute to a successful mixed mode – temporary multi-sourcing during the transition?
R: Temporary multi-sourcing will be a very demanding period for all involved parties. Therefore, it must be planned. Typically, project managers forget this phase. This is because it is not part of the initial outsourcing. And the customer has typically no experience and therefore does not foresee the related problems. The old provider has usually no interest that this phase runs smoothly. So temporary multisourcing needs to be planned in detail and it must be part of the overall project plan. The phase of temporary multi-sourcing can be expensive for all parties but especially for the customer and the new provider since often not all tasks have been considered in advance. Therefore, often the costs have not been budgeted. Often, you need some sort of interfaces between the ticketing systems of both providers. There are many tasks to be performed during the temporary multi-sourcing such as updating the CMDB [Configuration Management Database]. The customer needs to manage both providers at the same time and this can be very resource demanding for the customer.

<p>All these efforts need to be budgeted. And since the adequate experience is often missing the customer and the new provider underestimate the efforts.</p>
<p>I: This is interesting. Are there any other factors to be considered during temporary multi-sourcing?</p>
<p>R: Since incident management is very demanding when two provider provide IT services at the same time it will be necessary that there will be a dedicated incident process for this phase of temporary multi-sourcing. Often, the new provider and the old provider need to work hand in hand to solve the incident. But why should the old provider support the new provider when the old provider is not contractually obliged to do so? But it is really important that all three parties work jointly together. Often tickets are routed between the two providers. And often it is difficult to find the root cause. This can have an impact on service levels. If the temporary multi-sourcing setup becomes too complex then it can even endanger business continuity. So the shorter this period is the better. You want this period not to be too complex.</p>
<p>I: Are there other critical factors regarding temporary multi-sourcing?</p>
<p>R: We have already spoken about contract management. From the customer perspective governance is important. The customer needs a defined mechanism to govern, this means to manage, both providers during the transition. But not only to manage the providers but to interact with them. Typically, this will be done on three different layers. You will have the strategic layer where the CIOs interact. You have the tactical layer where the account managers and the provider managers interact. And finally, you have the operational level where operational managers interact. Often, all is framed or supported by the financial level. It is important that at the beginning of the transition these levels are defined. It needs to be defined who is responsible for what. The meeting frequency needs to be agreed. The high-level agenda needs to be agreed. Without an effective governance, it would be impossible to manage the transition to a new provider.</p>
<p>I: When switching ITO providers - what factors contribute to a successful integration of the new provider production team during the transition?</p>
<p>R: My experience is that when the production team of the new provider is not integrated as early as possible during transition or transformation then there will be many, many issues. For example, the transition or transformation team designs solutions and processes which are fully agreed by the customer. But then these processes and solution are rejected by the production team.</p>
<p>I: What are the reasons for these rejections?</p>

R: There can be many reasons. A simple reason could be that nobody has asked the production team. Another reason is that the production team would like the processes to be designed differently so that the future production team can better operate them. Maybe the rejection is due to future costs. Another reason is that the production team might not understand the implemented processes and solutions. So you want to integrate, at least the most important players, early. They need to understand how the customers think and what is important for the customer. If you don't integrate them early, the transition team leaves and with them all customer specific knowledge.
I: What else is important?
R: It is very important that before important players of the transition or transformation team leave that they hand over their knowledge to the production team. I have seen it many times, that the customer spends many months of transferring knowledge to transition team members and then they leave without transferring the knowledge to the production team. And this is very frustrating. This is frustrating for the customer and it is frustrating for the production team. Sometimes transition team members stay only for a couple of months and then quickly leave to another account to another transition. This can be frustrating especially when neither the customer nor the production team can influence this.
I: Are there other success criteria?
R: To celebrate. To have parties.
I: Why is this so important?
R: To develop trust. This is relatively simple. And to bring people closer together. And then people can realise that the new provider won't bite and that they are ordinary people who want to pursue their business. One can achieve a lot with celebrations and with relatively little effort. If you integrate all. Because it shows appreciation, especially if this is organised by the customer. I think that helps more than paying a bonus. You can reach people on a personal level this way.
I: That is interesting. Are there any more success factors?
R: Yes, we haven't talked about transition strategy yet.
I: Would you say that the transition strategy is critical for the success of the transition?
R: Yes, absolutely critical.
I: This is interesting. Can you tell me more about transition strategy? Why is it critical for the success?

<p>R: The transition strategy is the backbone of the transition. The transition strategy defines when which service will be transferred to the new provider and how. It defines if services will be transferred at all or if the new provider will develop completely new services. The strategy defines the date for the change of control to the new provider. The strategy needs to define which services need to be bundled and need to go live at the same time. The customer needs to jointly develop the transition strategy with the new provider. They need to decide about the best strategy for the organisation. The degree of transition and transformation needs to be agreed. This is important. If you would conduct a typical transition approach then you would transfer everything as is from the old provider to the new provider. You would transfer all processes, all services, and all servers including the applications from left to right. This type of approach is typical for the first phase of the initial outsourcing. But it is untypical for switching ITO providers.</p>
<p>I: Why is it untypical?</p>
<p>R: Because you change providers. And with the new contract you typically change some of your environment. You will change some of your processes and so on. But it very important that you don't change everything at once. Some customers would like to change everything at once. This can be very dangerous for the stability of your IT and it can be dangerous for your business continuity. So you must decide how much transformation is possible and how much transition is required.</p>
<p>I: Very interesting. Is there anything else critical regarding the transition strategy?</p>
<p>R: You must design the transition in a way that it stays manageable. This is very important. Once you drive your transition into unmanageable water, it is likely that it stays there.</p>
<p>I: Are there any other success factors?</p>
<p>R: No, I think we have discussed them.</p>
<p>I: Many thanks for your valuable time.</p>
<p>R: My pleasure.</p>

Appendix 3 Development of research sub-questions and coding examples

Figure Appendix 3-1 illustrates how the research sub-questions were developed. The provisional conceptual framework (see Figure 3-1) that is based on the initial critical literature review provided an initial classification (Corbin & Strauss, 2008, p. 40) of factors, which were assumed to contribute to the successful switching of ITO providers. Based on the literature review and the provisional conceptual framework the initial categories were developed. The initial categories were also the foundation for the initial research sub-questions.

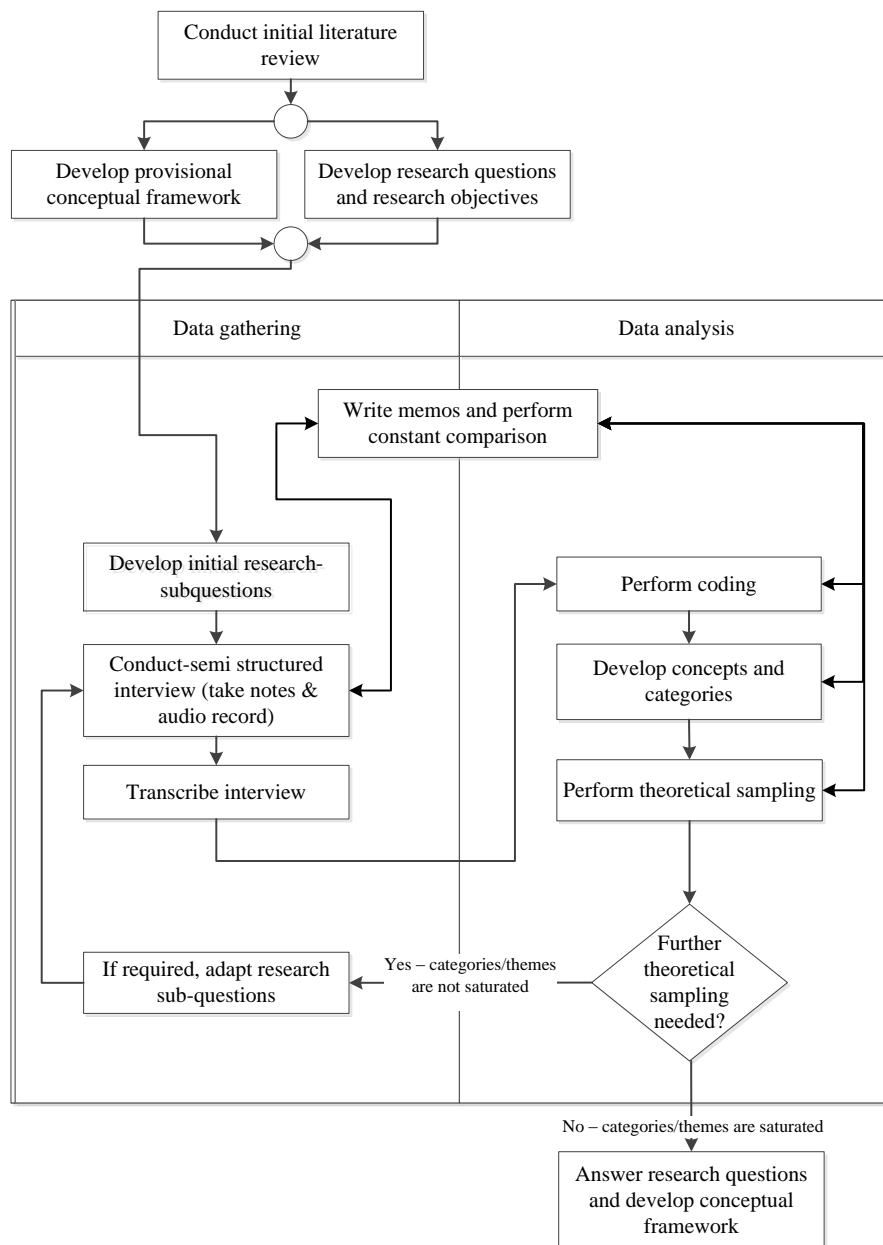


Figure Appendix 3-1 Development of research sub-questions

The initial categories with which this researcher started the coding process were:

1. Project management
2. Knowledge transfer
3. Transfer of key experts
4. ITO client governance
5. Sufficient resources
6. Top management support
7. Trust
8. Escalation management

Based on the initial categories the initial research sub-questions were formulated as follows:

1. When switching ITO providers - what are project management success criteria for the transition?
2. When switching ITO providers - what factors contribute to a successful knowledge transfer during the transition?
3. When switching ITO providers - what factors contribute to a successful transfer of key experts during the transition?
4. When switching ITO providers - what factors contribute to a successful adaptation of the ITO client governance
5. When switching ITO providers - how can sufficient resources be ensured?
6. When switching ITO providers - how can top management support be ensured?
7. When switching ITO providers - how important is trust for the success of the transition?
8. When switching ITO providers - what factors contribute to a successful escalation management during the transition?
9. When switching ITO providers - what other factors contribute to a successful transition?

This researcher used the software NVivo 10 to facilitate the coding process. NVivo is a software package that supports qualitative data analysis. This researcher imported all

twenty-one transcribed interviews into NVivo. The software package supported the coding process, the grouping of codes, the re-coding, the identification of concepts, and the identification of categories. Figure Appendix 3-2 shows an example how NVivo supported the coding process. The left part of the Figure Appendix 3-2 shows the hierarchical structure of the codes used for the transcription of research participant R₁. The figure shows that the category "knowledge transfer" consists of a number of concepts e.g.:

- A trustful relationship between the customer, the incumbent, and the new provider
- Identifying knowledge transfer costs and agreeing which party pays for the costs
- Identifying, addressing, and resolving intellectual property issues, early
- Etc.

The middle part of Figure Appendix 3-2 shows a coded section from the interview transcript of research participant R₁. The right part of Figure Appendix 3-2 shows the coding stripes. The coding stripes show which categories and concepts have been assigned to the transcribed interview passage.

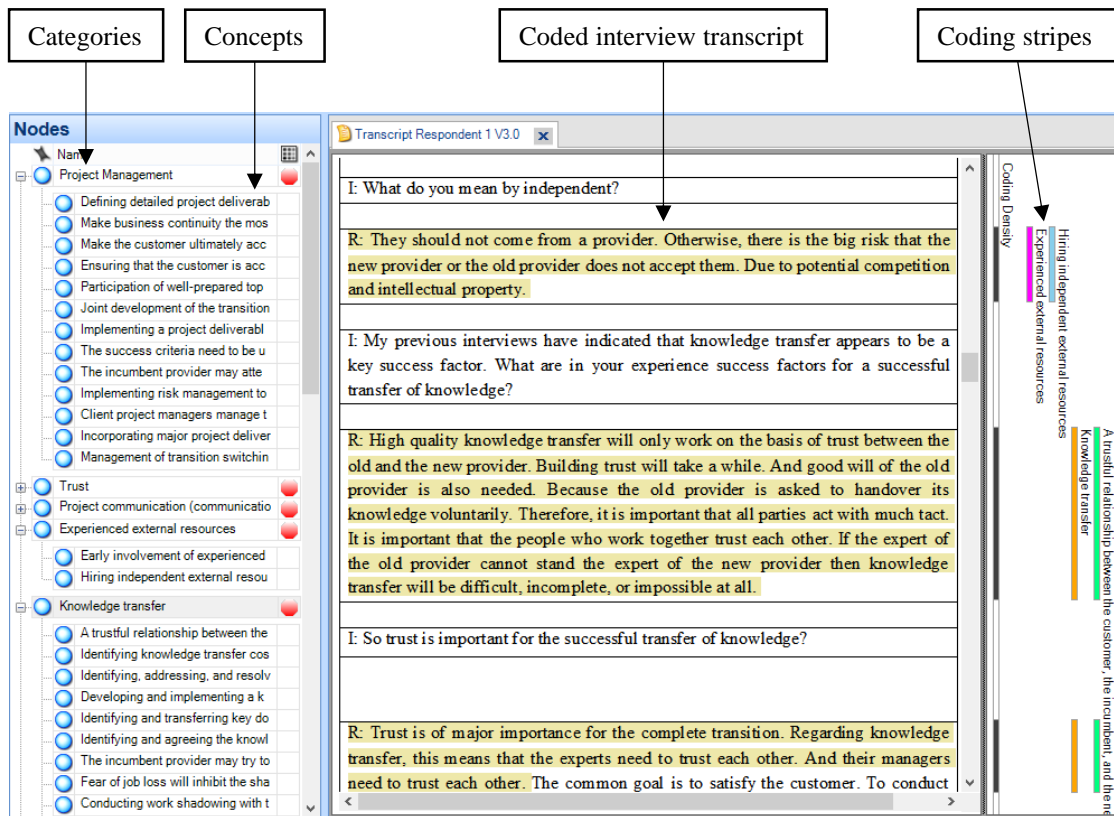


Figure Appendix 3-2 Coding screenshot from NVivo

Figure Appendix 3-3 shows a text excerpt of the transcribed interview with research participant R₁. Assigned to the text excerpt are the category "knowledge transfer" and the concept "a trustful relationship between the customer, the incumbent, and the new provider". In this research, the categories are named management capability/business activity (see chapter 5). The concepts are the CSFs, the SSFs and the key risks.

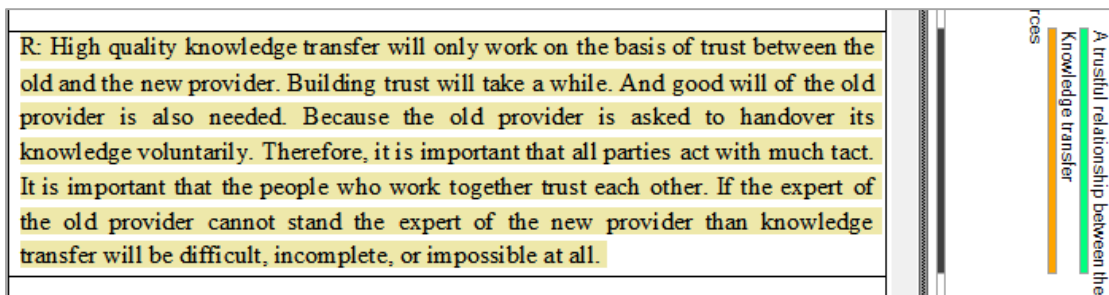


Figure Appendix 3-3 Example 1: Assigning a concept and a category to an interview transcript (R₁)

Figure Appendix 3-4 shows a second text excerpt of the transcribed interview with research participant R₁. Assigned to the text excerpt are the category "project management" and the concept "ensuring that the customer is accountable for the overall project management including project planning".

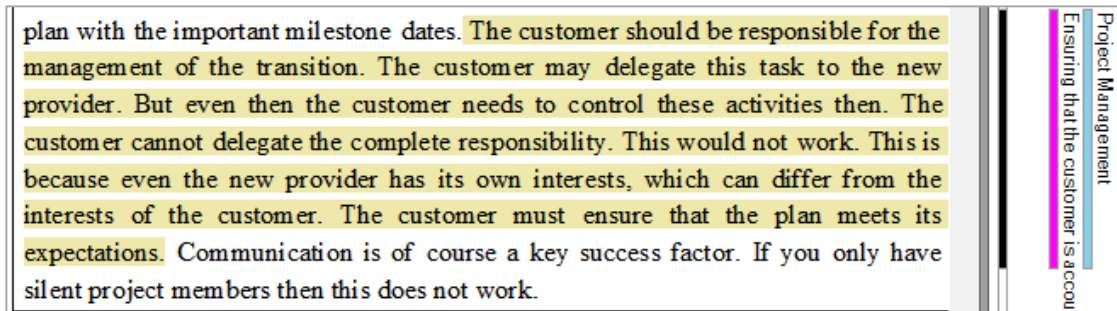


Figure Appendix 3-4 Example 2: Assigning a concept and a category to an interview transcript (R₁)

Figure Appendix 3-5 shows a third text excerpt of the transcribed interview with research participant R₁. Assigned to the text excerpt are the category "trust" and the concept facilitating a trusting relationship between the customer and the new provider".

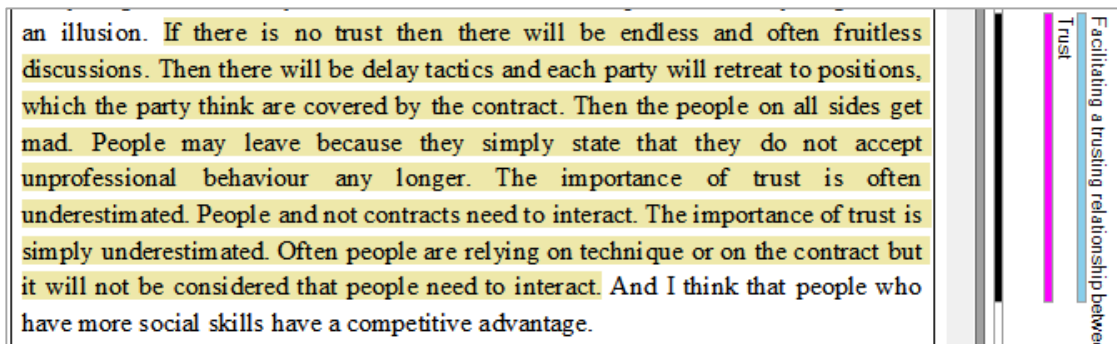


Figure Appendix 3-5 Example 3: Assigning a concept and a category to an interview transcript (R₁)

Research participant R₁ indicated that transition strategy is critical for the successful switching of ITO providers as shown in Figure Appendix 3-6. Before the interview with research participant R₁ no reserarch sub-question existed regarding the transition strategy. The coding of the transcribed interview from research participant R₁ (see Figure Appendix 3-6) revealed three new concepts which could be assigned to one new category. The three new concepts and the one new category were revealed through the process of constant comparision (see section 4.6.4). The three new concepts were: "developing a comprehensive transition strategy", "specifying the proportion of transition and transformation", and "ensuring that the transition complexity is manageable". The consecutive and interrelated procedure of data collection, and analysis helped this researcher to recognize relevant, and significant concepts, and categories, and follow them with relevant sub-questions (Corbin & Strauss, 1990, 2008). After the interview was transcribed, analysed and coded the following new

research sub-question was asked in the following interviews: When switching ITO providers – what factors contribute to a successful transition strategy?

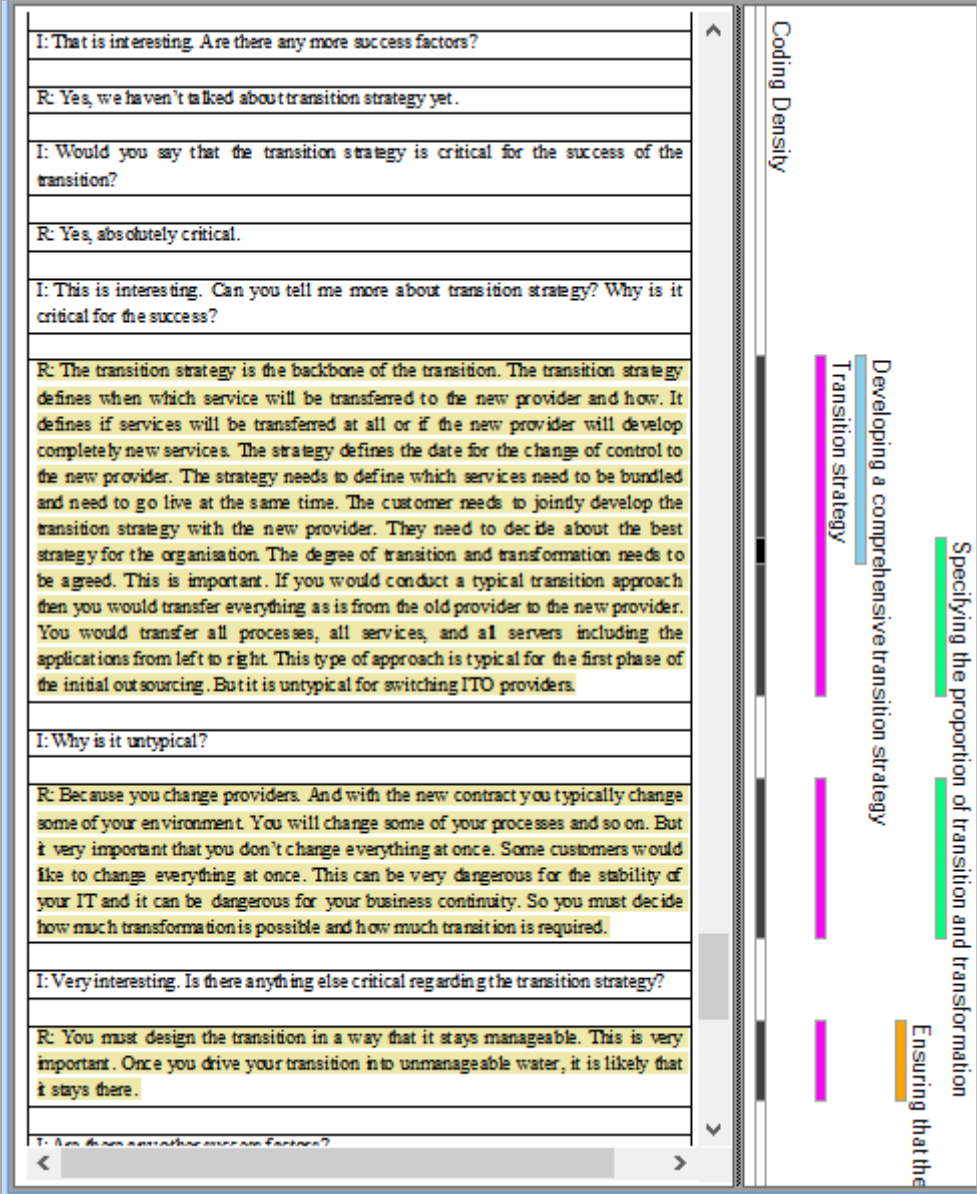


Figure Appendix 3-6 Identification of three new concepts and one new category (R₁)

Concepts and categories needed to occur repeatedly during data gathering or analysis to demonstrate its relevance. The subsequent interviews showed that the concept "developing a comprehensive transition strategy" emerged in nineteen different interviews. Therefore, this concept was found to be relevant. The figures below (Figure Appendix 3-7 - Figure Appendix 3-10) provide examples for the concepts named "developing a comprehensive transition strategy" which repeatedly occurred during the interviews and which could be grouped under the category "transition strategy".

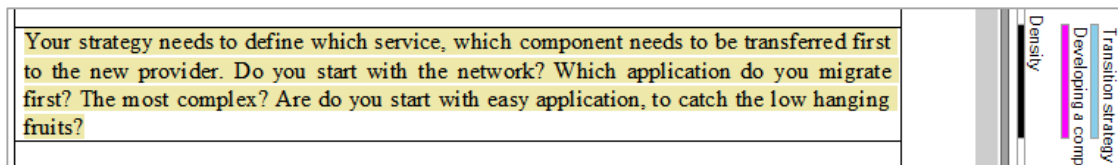


Figure Appendix 3-7 Developing a comprehensive transition strategy (R₅)

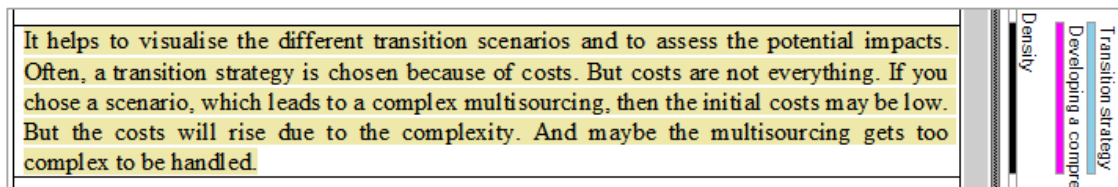


Figure Appendix 3-8 Developing a comprehensive transition strategy (R₆)

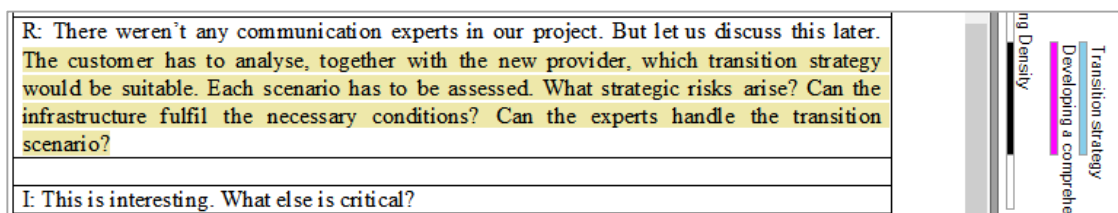


Figure Appendix 3-9 Developing a comprehensive transition strategy (R₁₁)

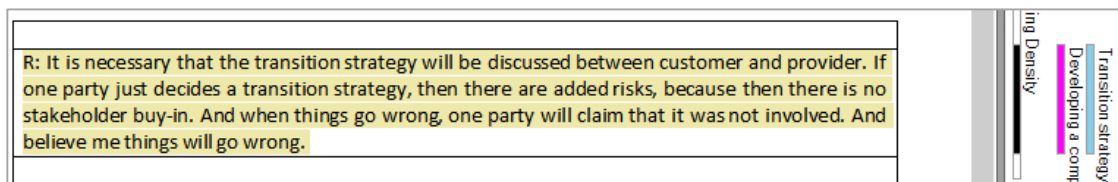


Figure Appendix 3-10 Developing a comprehensive transition strategy (R₁₇)

The constant absence of a concept or a category either demonstrated its irrelevance for the descriptive conceptual framework or it was reflected as absent (Corbin & Strauss, 1990, p. 10). In the transcript interview of research participant R₁, five new concepts emerged as shown in Figure Appendix 3-11. These concepts neither appeared in previous nor in subsequent interviews in a relevant number. Therefore, these concepts were considered as not relevant for this thesis.

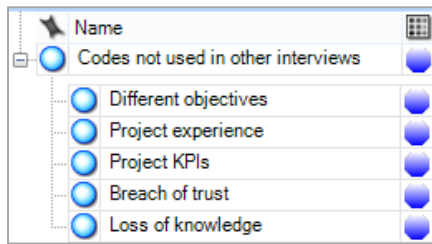


Figure Appendix 3-11 Codes not used in other interviews (R₁)

Through the process of conducting interviews, developing concepts and categories, and through the process of theoretical sampling the following final set of research sub-questions were developed:

1. When switching ITO providers– how important is it that success is defined for the transition? And what is the definition of success for the transition?
2. When switching ITO providers – who should define success?
3. When switching ITO providers – what are project management success criteria for the transition?
4. When switching ITO providers - what factors contribute to a successful knowledge transfer during the transition?
5. When switching ITO providers - what factors contribute to a successful transfer of key experts during the transition?
6. When switching ITO providers - what factors contribute to a successful mixed mode – temporary multi-sourcing during the transition?
7. When switching ITO providers - what factors contribute to a successful integration of the new provider production team during the transition?
8. When switching ITO providers - how important are experienced external project resources for the success of the transition?
9. When switching ITO providers - how important is trust for the success of the transition?
10. When switching ITO providers – what factors contribute to a successful escalation management during the transition?
11. When switching ITO providers – what factors contribute to a successful project communication (communication of change)?
12. When switching ITO providers - what factors contribute to a successful transition strategy?

13. When switching ITO providers – what other factors contribute to a successful transition?