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CIO Perspectives on Their Changing Responsibilities with Outsourcing

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POSTER ABSTRACT

This paper summarizes a set of CIO roundtable discussions. IS outsourcing has become an imperative because of changing user perceptions about what IT can deliver and users' own decision power in the process. The process of outsourcing is part of a major shift in the role of CIOs towards being a business integrator rather than a service provider.

Keywords

Outsourcing, vendors, user relations, business integration

BACKGROUND

CIOs are under pressure to do more with less. Outsourcing has become an important, but risky, option, done selectively and only when the vendor can "do it better... and not *just* cheaper" and often treated as an unwanted necessity. One CIO put it bluntly: "We are working on insourcing rather than outsourcing; hiring, developing the skills." With such an attitude by the CIOs why is outsourcing still used so much?

PROJECT GOALS AND OBJECTIVES

Our goal was to listen to first-hand opinion and supporting experience from CIO industry experience. We were interested in current outsourcing trends and how these are affecting the role of the CIO. Beyond this, our interest was in finding out what CIOs think and do about what we perceive to be a transition in CIO responsibility brought about by changes in outsourcing.

METHODS AND PROCESSES

We have been hosting annual CIO roundtable meetings in Detroit since 2007 to discuss topics of interest to CIOs: what bothers them and what steps they take to address these issues. The topics of interest are agreed on in consultation with the CIOs prior to each roundtable,

which was videotaped and transcribed. The roundtable discussed in this paper was attended by 15 CIOs in 2009. One of the key issues that came up was the change in IS in organizations because of outsourcing. The key findings as expected are that outsourcing responds to budgetary constraints and the need for quick access to trained personnel. Surprisingly, outsourcing also responds to changing perceptions by users about what IT can deliver and their own power in the process. In the CIO's views outsourcing actually does not save money in the long run. Even in the short term, it does not save close to what the vendors promise. Outsourcing can be understood as part of a major shift in the role of CIOs towards business integrator rather than simply an IT service manager. Across a broad range of industries, there was no disagreement among CIOs.

RESULTS, CONCLUSIONS, RECOMMENDATIONS

The key lies with the users, whose IS proficiency and literacy has changed the rules. Today users demand instant gratification from their IS services, treating IS outsourcing as the way to deliver this. Division managers who control their own budgets understand what users want and know how to relate to outsourcing vendors and acquire IT, often directly and without involving the CIO. Outsourcing is a game changer, but rather than demoting IS and the CIO, outsourcing actually allows CIOs to achieve the place they deserve as executives by providing real business value.

Outsourcing is not only about cutting costs. It is about a change in the role of users and the internal politics distribution within organizations. Adapting to this change CIOs are becoming more business partners and IT solution providers, than just a standalone provider of IT services.

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