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# Next Generation Outsourcing – A Research Agenda Guided By Practice

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# NEXT GENERATION OUTSOURCING
## – A RESEARCH AGENDA GUIDED BY PRACTICE –

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## Abstract

*Over the last decades outsourcing has established itself as widely accepted management practice. Information systems researchers have spent considerable effort in studying the outsourcing phenomenon and theorizing about it. Through the interaction between research and practice, as well as through own experiences, industry managers underwent a noticeable learning curve. This poses the question: is research still up to date or do we need to think about the next stage, a form of next generation outsourcing?*

*To investigate this issue, expert interviews with thirteen sourcing managers from different industries have been conducted. The aim was to learn about the state of outsourcing management in practice and to identify what the new topics are which keep outsourcing managers awake at night.*

*The basis for the structured interviews was a thorough analysis of the outsourcing literature. Building on these the interviewees were asked to discuss their experiences and to highlight current issues of concern. We identified four emerging topics which call for further research: (1) Multi-vendor Outsourcing and Sourcing Networks, (2) Cloud Computing and its implications for outsourcing, (3) Risk Management of Outsourcing, and (4) Methods to bridge the Offshoring gap.*

*Keywords: Outsourcing, Offshoring, New Sourcing, Research Agenda*

# 1 INTRODUCTION

Information Technology Outsourcing (ITO) is a well-researched field of how organizations can reach higher levels of effectiveness and efficiency. The relevance for practice is impressively supported by the TPI-Index which documents the highest level ever for ITO contracts in EMEA with 31 billion USD (TPI 2012) and 66 billion USD for the global ITO market (TPI 2012a). This trend is also confirmed by the market research firm Gartner which revealed that Business Process Outsourcing (BPO) is still equally relevant with a global growth rate of about 5% per year. Gartner suggests that BPO will make up between 13% and about 16.5% of all outsourced IT services by 2013 (Gartner, 2010).

As both forms of outsourcing receive considerable attention in practice, in the following the term "outsourcing" will be used to describe both forms. "Outsourcing" itself we define broadly as *external production of services which are consumed by the firm*. Most topics discussed in the following apply to outsourcing in general. Should any refer to only ITO or BPO specific notations will be given. It needs to be noted that outsourcing of production activities (e.g. third party manufacturing) has been excluded for this study.

Outsourcing research drew a lot of attention during the last 20 years and the academic output has been numerous. Every major IS conference has a sourcing track and countless researchers are spending a lot of energy to resolve the issues associated with this form of external production.

In a field so vibrant, it may be beneficial to check back with practice every once in a while to identify emerging trends and patterns which are likely to dominate the outsourcing discussion over the upcoming months and years.

In order to provide such insights from practice the authors conducted a series of thirteen interviews with sourcing experts from different industries. The interviews were set up to enable an open discussion and were only lightly guided to ensure that all topics of interest were covered.

In essence four areas of demand for rigorous research were identified, namely (1) Multi-vendor Outsourcing and Sourcing Networks, (2) Cloud Computing and its implications for Outsourcing, (3) Risk Management of Outsourcing, and (4) Methods to bridge the Offshoring gap.

These topics are elaborated in depth in chapter 4, following the literature review and the description of the research approach. The paper closes with explicating its limitations and a brief conclusion.

# 2 LITERATURE REVIEW

The risks and benefits of outsourcing have been extensively studied in Information Systems (IS) research. The benefits are commonly being described as Cost savings / benefits (e.g. Barthelemy & Geyer 2001), focus on core competencies (e.g. Dhar & Balakrishnan 2006; Lee et al. 2004), performance optimization (e.g. Dean & Saleh 2009; Dibbern et al. 2004) and access to expert know-how and cutting edge technologies (e.g. Dibbern et al. 2004). The risks of outsourcing comprise: Cost increases (including transaction and hidden costs) (e.g. Earl 1996; Aubert et al. 1998; Martens & Teuteberg 2009), dependency on the outsourcing provider (e.g. Bahli & Rivard 2003), poor vendor performance (e.g. Gewald & Rouse 2012), loss of know-how and employee dissatisfaction (e.g. Lacity et al. 2009), and cultural discrepancies (mostly in conjunction with IT-Offshoring) as well as corporate culture (e.g. TPI 2008).

Apart from analyses of the risks and benefits, recommendations for action have been given for how to manage ITO (e.g. Cullen et al. 2005), frameworks to improve ITO (e.g. Lammers et al. 2004; Urback & Würz 2011) or about ITO decision making (e.g. DeBoer et al. 2006).

In fact the outsourcing topic is so established in IS research that several comprehensive literature reviews have been published (e.g. Dibbern et al., 2004; Lacity et al. 2009; 2011). Lacity et al. (2010; 2011) found that the most researched aspects within the field of outsourcing are:

- Motivations and reasons to outsource

- Factors relevant for outsourcing decision

- Actual outsourcing outcomes

- Attributes relevant for the outsourcing transaction

- Relationship characteristics

- Characteristics and capabilities of the outsourcing-client

- Characteristics and capabilities of the outsourcing-supplier

- Contractual governance.

As for all areas of research which are well underway, every once in a while there should be a point to reflect and connect research to practice. The aim should be to identify upcoming challenges and new developments which will foster new research projects. In that respect the authors follow the advice of Lacity et al. (2010) and Dibbern et al. (2004) who propose to focus on how outsourcing changes over time.

One example of such a reflective touchpoint is the editorial of Busi et al (2008) in the Journal of Strategic Outsourcing. The authors felt that after 4 years the timing may be appropriate to set another of these touchpoints. Contrary to Busi et al, this paper chose not to derive upcoming topics from analysis of the literature, but through discussion with experts in the field.

## 3    RESEARCH APPROACH

In order to derive the new research agenda we employed a positivistic exploratory approach. We derived a structure interview guideline comprising six general questions to structure the interviews.

| No | Headline | Question |
|----|----------|----------|
| 1 | Trends in outsourcing | What are the current developments and major trends in the field of outsourcing? |
| 2 | Benefits of outsourcing | Which improvements did your company achieve through outsourcing? |
| 3 | Risks of outsourcing | Which outsourcing risks do you perceive as most relevant? |
| 4 | Why outsourcing projects fail | What are the major mistakes companies can make in outsourcing projects? |
| 5 | Sourcing Scope | Which trends are currently prevalent for defining outsourcing scopes? |
| 6 | New Sourcing | Has the overall outsourcing process changed within the last years? And if yes, in what kind of way? |

*Table 1:        Interview Questions (translated)*

The questions were prepared in great depth employing contemporary knowledge on outsourcing. However, the interview partners were only confronted with the stated high level questions which are open enough to foster interesting discussions. The interviews were conducted early 2012 some in person the others via telephone. They took between 60 and 180 minutes and were documented either on tape or through minutes of at least two researchers.

Our interview partners were from different industries and different sourcing backgrounds (i.e. ITO, BPO as well as sourcing in general). They all were responsible managers either for the sourcing

function or overseeing the sourcing manager. In two cases, two interviewees were from the same corporation therefore the interviews reflect 11 different corporations.

The composition of our subject group is presented in the following table:

| Interviewee | Industry | Position*[1] | Area of Experience | Years of Sourcing Experience (approx.) |
|---|---|---|---|---|
| A | Banking | Sourcing Manager ITO | ITO | 10 |
| B | Logistics | SVP Outsourcing | ITO / BPO | 12 |
| C | Software | COO | ITO / BPO | 8 |
| D | Banking | Sourcing Manager BPO | ITO / BPO | 13 |
| E | Automotive | CIO | ITO / BPO | 16 |
| F | Banking | COO | ITO / BPO | 14 |
| G | Insurance | CIO | ITO / BPO | 12 |
| H | Banking | Sourcing Manager | BPO | 5 |
| I | Banking | Head of Operational Excellence | ITO / BPO | 13 |
| J | Banking | Head of Central Services | BPO | 23 |
| K | Banking | Sourcing Manager - Procurement | ITO / BPO | 16 |
| L | Software | Manager of Competence Centre Application Management | BPO | 12 |
| M | Banking | Sourcing Manager | ITO / BPO | 16 |

*Table 2:        Coding and Background of Interviewees*

To gather information appropriately we conducted case study-like expert interviews in order to perform a qualitative empiricism, since Yin (2009) postulates this as applicable for contemporary events. Furthermore, Eisenhardt (1989) describes case studies and expert interviews as suitable for both theory testing and theory generating. Such approaches have been also proven as valid and usable in researching within Information Technology (IT) contexts (Benbasat et al. 1987).

The interviews generally started with a discussion about risks and benefits of outsourcing and the reflection of personal experiences with failed outsourcing projects or the discussion of specifically successful engagements. This part of the interview took generally about 30 minutes. Thereafter the discussion was guided towards new trends and contemporary concerns. In the course of the interviews, the authors found four topics which were frequently raised by the interviewees. These are discussed in the following section.

# 4    NEXT GENERATION SOURCING – WHAT ARE THE UPCOMING QUESTIONS FOR RESEARCH TO ANSWER?

All our interview partners were very experienced outsourcing managers overseeing a large number of outsourcing engagements and generally personally involved in several outsourcing projects. They all underwent a considerable learning curve, many of them engaged in outsourcing for 10 or more years. This vast experience enabled conversations on an impressively high niveau of knowledge. As they all were aware of the "classic" challenges of outsourcing, we had good conversations on the upcoming challenges.

Four patterns emerged frequently. In this section we discuss the four emerging topics. We provide arguments and points of view from our interview partners and reflect these with the current state of knowledge in IS research.

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[1] SVP = Senior Vice PRESIDENT; COO = Chief Operating Officer; CIO = Chief Information Officer

## 4.1 Multi-Vendor Outsourcing and Sourcing Networks

It was a recurring pattern with our interview partners that the level of sophistication in handling outsourcing arrangements grew over the last years. As such, the overall outsourcing process (i.e. selecting an area to be outsourced, finding a suitable partner and handing over the business) becomes a commoditized process within the corporation. This implies that outsourcing engagements can be done much faster and with less operational risk involved than it was in earlier years. Our interview partners utilized this knowledge gain to move from single large outsourcing contracts into smaller piece of work to be outsourced. A general pattern seems to be a trend towards selective outsourcing – sometimes referred to as "outtasking" (i.e. outsourcing just a single task, not a complete process).

As a consequence, outsourcing-clients need to deal with a larger number of outsourcing-providers, leading towards a multi-vendor outsourcing structure. "We rather outsource several medium-sized parts of our IT to multiple vendors to select the optimal provider for any given task instead of the 'one-size-fits-all' approach." (Interviewee D).

As much as managers seem to like the idea of picking the best suited specialist for every task to be outsourced, there were also critical comments. Methodologically the challenge is to manage the relationship between the different outsourcing providers. If a company outsources a large process which is cut into several tasks which are handed over to numerous outsourcing partners, the challenge is to keep the whole process under control. "The challenge is to keep the overview and to avoid 'multiple-partner-interfaces' where each provider blames the other when something goes wrong." (Interviewee K). From a practical point of view, even though the multi-vendor solution promises to be of higher quality, large outsourcing providers tend to "buy a deal", i.e. make a package offer which is substantially less expensive than the sum of the individual offers of the specialized outsourcing providers. "In economically challenging times it is hard to justify higher quality if the opposing offer is 30% cheaper." (Interviewee E). Although nobody would outsource to the cheaper offer when there is doubt about the ability to deliver a certain level of quality, our interview partners unanimously agreed that at a level of 15-20% better offer it would got to the "2nd best option" (i.e. large outsourcing-provider). Interestingly enough one interview partner stated it bluntly open: "We know that the multi-vendor solution would be the better one, but 20% cheaper is a lot of money and the business pressure on cost is just too high" (Interviewee E).

Summing it up, all of our interview partners are cutting smaller tasks these days ("selective outsourcing") and most of them do multi-vendor outsourcing in a process which formerly would have been awarded to just one provider. However, these are currently only smaller contracts whereas the "big tickets" are still being awarded to the big players who "buy an outsourcing contract to keep their people busy" (Interviewee E).

An idea to deal with the cost issue was brought forward by some of our interview partners. "Building outsourcing partner networks in order to gain critical mass for outsourcing special tasks of the business could solve our cost problem" (Interviewee A). He mentioned that he sees potential in building partner networks among outsourcing-clients which gather their needs for IT-activities in standardized bundles and might then receive those bundles in a standardized form from different vendors, maybe even a network of vendors. So, if companies are able to cooperate with other companies in order to define standardized bundles of activities they could increase the degree of standardization and as such become an interesting "bundle partner" for the outsourcing industry. Vendors could benefit from higher standardization in terms of higher scalability, economies of scale and meeting the client's requirements more exactly, which is in turn more beneficial for the client as well.

It was interesting to see that even large players in the industry have some areas they want to outsource where they do not have enough scale to become an interesting client for the outsourcing-vendors.

Contrasting the interviews to published research we find the paper of Lacity et al. (2010). The authors describe that outsourcing relationships which combined multi-vendor outsourcing with selective outsourcing have been the most successful relationships, which confirms the value of those methods as well as their actuality. However, "the more vendors you have, the more complex they are and the

effort for managing the relationships increases" (Interviewee A). This means that the idea of sourcing networks in line with multi-vendor sourcing might not only be valuable for companies but can also cause a higher complexity and due to that more control efforts for the company. This is confirmed by Fridgen & Mueller (2011) who also found higher complexity of using multiple vendors as an important factor for multi sourcing. They provided an example for a framework to manage multi-vendor sourcing and Lacity et al. (2010) confirmed, that the field of client-supplier-relationship in ITO is already well-researched, like for example in terms of relationship quality, effective knowledge-sharing, communication, relationship capabilities, relationship quality or trust. Additionally, Barboza et al. (2011) analyzed benefits and risks of multi-vendor-outsourcing via a case study of a large exporter of dairy ingredients, however, there is no research done yet that concerns with the above mentioned outsourcing partner networks in line with relationship complexity and multi-vendor sourcing.

The identified research gap in this topic is twofold:

    a) Propose working governance mechanisms to manage multi-vendor outsourcing engagements

    b) Study the effects of network advantages and resolve the inherent governance challenges if several outsourcing-clients form a network to gain leverage towards (a network of) outsourcing partners.

## 4.2  Cloud Computing and its implications for outsourcing

Cloud Computing is one of the burning topics in information technology these days. "At least three times a week I get phone calls of people trying to sell cloud solutions to me" (Interviewee M). Interestingly, many interviewees tell us that "the solutions available are currently not sophisticated enough to allow for large scale deployment" (Interviewee K). However, all interview partners see cloud computing as a disruptive technology, "a game changer in information technology which affects all industries" (Interviewee I).

Cloud computing offers solutions such as infrastructure, platforms, storage, or applications via the internet in a scalable way from one or different vendors on the basis of a pay-per-use pricing (Leimeister et al. 2010) and the interviewees investigate all types of cloud solutions.

A major concern remains with data security and as such most interview partners do not consider solutions outside the separated field of a private cloud. "We use a private cloud in the following way: we consolidated the various data centers of our banking group to one data center to provide a centralized IT-infrastructure and a centralized platform for our core banking system. So, each subsidiary can draw the desired applications from this internal cloud as required" (Interviewee M). Uses of public or hybrid clouds are being discussed but currently deemed not to be ready for actual usage: "I could imagine a certain kind of public cloud [a community cloud (*authors)*] which is available and accessible exclusively for banks. I can see the potential of cloud computing, however the barriers of privacy a too high yet" (Interviewee A).

In conclusion, practitioners see cloud computing as an emerging technology which they need to utilize. However, in the current state cloud computing is mainly used as private cloud, i.e. fostering the virtualization efforts of the company-own data center. The interviews revealed some thoughts how cloud can change the outsourcing industry in the long run, see section 4.1, as it will enable more dynamic reconfiguration of the corporate value chain including external suppliers resulting in lesser dependency on individual outsourcing partners.

Cloud computing is one of the hot topics of IS research as can be seen through the strong output of papers, specifically on the AIS conferences in the last two years However, research has not yet caught up with the fundamental challenge cloud computing puts on the outsourcing industry. While Leimeister et al. (2010) presented the function, structure and different ways of cloud computing (like SaaS, IaaS, PaaS or DaaS) they do not provide a closer look at how cloud computing may impact and improve IT-Outsourcing in particular. However, they encourage to further research if cloud computing can actually meet the expected requirements. Nuseibeh (2011) examined Cloud Computing performance in organizations, they provide some findings regarding benefits and risks and

emphasize further researches in how cloud computing may be adopted more beneficial and less risky. Wu et al. (2012) found that process complexity, organizational culture and the compatibility of the current information system all play a role for a company's decision to use cloud computing for outsourcing. Su (2011) developed a case study based framework for vendors providing cloud computing. Martens & Teuteberg (2011) provided a literature based model for mitigating risks and compliance efforts due to outsourcing via the cloud. Bodenstein et al. (2011) examined, based on case studies, how using Infrastructure as a Service (IaaS) can be used efficiently in terms of which and how much infrastructure services should be outsourced to a vendor.

All these research projects tackle specific parts of Cloud Computing in an outsourcing context. However, no coherent framework has yet emerged and as such we follow Lacity et al. (2010; 2011) who recommend to investigate further in the field of cloud computing, since the actual impact of cloud computing is not known too well currently.

The identified research gap in this topic is twofold:

    a) Identify ways how cloud computing can help to dynamically reconfigure the -partially outsourced- value chain and as such enable value networks

    b) Describe the specific advantages that cloud can offer for the outsourcing-client in forms of e.g. reduction of the lock-in risk.

## 4.3    Risk Management of Outsourcing

Some of the interviewed outsourcing practitioners pointed at the current importance and former lack of active risk management of outsourcing: "Attaining cost savings is still the main reason for outsourcing, however the importance of managing the risks of outsourcing increases massively" (Interviewee K). This common tenor amongst the interviewees got further strengthened by another outsourcing manager who depicts the lack of ITO risk management in past years: "Risk management for ITO is essential nowadays, but was not or with too less attention conducted in the past" (Interviewee A).

The intended implication of the call for better risk management is twofold. On the one hand, following the increased professionalism of the outsourcing clients, active risk management practices need to be installed to (a) adequately assess the risks during the outsourcing decision process and (b) to proactively manage the risks during the lifecycle of the outsourcing engagement. Additionally, probably driven by contemporary press coverage about some fraud and corruption cases in major companies as well as by the Sarbanes Oxley act imposed by the US, focus has been put on internal compliance to avoid misbehavior during the negotiation of an outsourcing contract. As the latter is merely a topic for IS research, we will focus on risk management practices targeting the outsourcing engagement.

Calculating the risks of an outsourcing engagement a priori is a difficult task. However, some interview partners (namely A, C and E) claim to do this. However, if digging deeper into the topic it became apparent that the "calculations" are more of an educated guess than a rigorously derived quantitative number (i.e. a risk premium). As for continuous measurement and proactive management the same managers (A, C and E) claim to have some kind of risk managers in place who monitor the outsourcing engagements over time. However, none of our interview partners had a company-wide risk management strategy which included the outsourcing project. Of course, all banks had an integrated risk management as required by regulatory law, but these were checks being executed by the internal audit department. The constant measurement of key performance indicators covering all aspects of the outsourcing engagement is still only roughly developed. It needs to be noted that one Interview partner (E) has an advanced system of measuring relationship quality in place which consists of permanent measurement (questionnaire to the directly involved users of the outsourced services) and frequent (up to 4) meetings with senior management each year.

IS research regarding proactive outsourcing risk management is still scarce. Lacity et al. (2010) reviewed 164 articles regarding ITO, however only five articles discussed this topic, including concerns with risk management capabilities on the client side as well as on the supplier side. Risk

management capability can be defined as "an organization's ability to identify, assess, prioritize, and mitigate outsourcing related risks in order to minimize their probability and/or impact" (Lacity et al. 2010, p. 411). The five researches in Lacity et al.'s literature reviews occupied with risk management found it affecting ITO success significantly.

Even though a holistic risk management framework is still lacking, several researchers discussed parts of it. Aubert et al. (1999) proposed a risk management framework and presented some lessons learned for risk management (Aubert et al. 2001). Urback & Würz (2011) provided a framework for IT-steering with special respect to ITO-risk management, where they suggest that ITO risk management should be established as an integrated part of the client's provider management. Many other sources describe potential ITO risks, but there is a lack of an integrated framework. This is confirmed by Martens & Teuteberg (2009) who presented a literature review with a closer look at ITO risk management and found that risk management "takes a relative weak position" (p. 8) among articles dealing with IT-outsourcing. Lacity et al. (2011) found also a strong relevance between a firm's risk management capabilities and its BPO success (similar to the coherence between risk management capabilities and ITO success mentioned above) however they likewise reveal a lack of research done in that field so far.

The identified research gap in this topic is twofold:

a) Identify measurement mechanisms to transparently calculated the risks of an outsourcing engagement

b) Propose an integrated proactive risk management framework which can be aligned with the company-wide risk management strategy

4.4    Methods to bridge the Offshoring gap

Although not the core topic we discussed with our interview partners, offshoring came up quite frequently. It seems that offshoring constituted itself as a generally accepted form of outsourcing in corporate management. However, offshoring is also still an area of big concern. Whereas it offers huge potential for cost reduction - "modern outsourcing is not possible on a large scale without using remote resources and as such utilizing labor arbitrage" (Interviewee E), the risks and quality problems are still present.

Interviewee E described an approach to reduce the cultural gap between the European headquarter and the IT outsourcing-provider in India: Instead of outsourcing to a domestic outsourcing provider who than subcontracted to an outsourcing provider in India, they assigned their IT activities to company-internal subsidiary in India and that subsidiary in turn outsourced its services to an Indian supplier. In that way, the German-based headquarter is able to use services from their Indian subsidiary without crossing company boundaries and can avoid problems which may occur when outsourcing to an external offshore vendor. The subsidiary on the other side is able to overcome potential cultural barriers with much less effort and higher success due to cultural familiarity and less cultural breaches since it is located in the same country as the Indian service provider. Additionally, the Indian subsidiary was able to negotiate much better pricing with the Indian outsourcing-provider, than the domestic outsourcing-provider who made an offer for these services.

This model is now for three years running and seen as a big success, overcoming many of the known problems of offshoring.

An alternative approach has been published by Bergkvist & Johansson (2011): A Swedish telecommunication company outsourced several IT-activities (such as maintenance of their IT-Systems) to a domestic service provider. That provider in turn assigned parts of this service provision to an offshore subsidiary in Eastern Europe. This caused several problems: on the one hand cultural differences between the offshore subsidiaries and the onshore client (such as misunderstandings in service definition), and on the other hand the offshore subsidiaries of the vendor had no knowledge and expertise about the Swedish telecommunication industry which in turn lead to a significant higher communication and control effort for both, the client as well as the onshore vendor.

Gartner's Offshore Study (2010a) attests countries like Brazil, Chile or Mexico improving infrastructures and know-how in line with increasing relevance as ITO destinations, which means, that not only India, but also other offshore countries (from an European point of view) may arise in the near future as relevant ITO destinations. So, companies may be forced to consider offshoring in the near future even more as they might today and in that order, they have to think about how they might overcome certain offshore gaps. Furthermore, Zimmernann (2011) found that the employee's attitudes of the client towards their counterparts from the offshore vendor play a role for outsourcing success: emphasizing the vendor's employees as team members more than as 'just' cheap suppliers might have positive influences on the cooperation and thus, the outsourcing success. The problem not to perceive vendor employees as colleagues might be mitigated by the above mentioned offshoring model provided by our interviewee E from the automotive company. If this might be an opportunity should be researched in further studies. Besides that more cultural related issue, Palvia et al. (2011) bring up another point of view: to not only investigate the client's needs, expectations and behaviors regarding offshore relationships, but also to take a closer look at how vendors think about and act within an IT-offshoring relationship. They found, that the offshoring difficulties – from a vendor perspective – derive from work arrangements and the client's readiness to offshore, for example. In that order, it might be helpful for improving offshoring relationships, and thus its success, by examining more deeply the vendor's needs and perspectives on offshoring arrangements.

As recommended by Lacity et al. (2010; 2011) there needs to be more research on ITO destination countries, even besides India, since most of their reviewed literature regard predominantly Indian IT and BPO suppliers.

The identified research gap in this topic is twofold:

a) The offshoring gap is still present and new ways to bridge it are needed

b) In the light of upcoming offshoring destinations, frameworks are needed to ensure a learning curve from previous destinations towards new destinations in terms of high quality delivery standards.

# 5 LIMITATIONS

The emerging research topics identified are only those raised by our interview partners. Even though we could gather very experienced managers with a wide network of other sourcing managers by no means the authors claim to have identified a comprehensive set of topics. This may also be due to the fact that our sample has a bias towards financial services. As a result, the findings cannot claim generalizability. However, it became apparent throughout the interviews that the same topics were raised multiple times and after 8 to 9 interviews no new topics emerged.

It also needs to be taken into account that all interview partners were working in Germany. For some of the questions, specific cultural and technological backgrounds of Germany may cause a bias. Therefore the findings can only provide a starting point for research but may not be transferred into other contexts without proper challenging and possible adaption of the findings.

# 6 CONCLUSION

Outsourcing is here to stay. Even though the phenomenon is present for more than 50 years now it is still an ever-changing area. Through expert interviews we identified four topics which are of high relevance for practitioners but are not yet adequately reflected in research: (1) Multi-vendor Outsourcing and Sourcing Networks, (2) Cloud Computing and its implications for Outsourcing, (3) Risk Management of Outsourcing, and (4) Methods to bridge the Offshoring gap. For each of these topics our interviews revealed a practitioners call for research which we framed into two research areas each. This way, the authors aim to foster a discussion about next generation outsourcing by providing relevant information to guide rigor research and theory building.

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