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Mari W. Buche
Michigan Technological University, mwbuche@mtu.edu

Gareth B. Johnson
Michigan Technological University, gbjohnso@mtu.edu

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Mari W. Buche
Michigan Technological University
mwbuche@mtu.edu

Gareth B. Johnson
Michigan Technological University
gbjohnso@mtu.edu

ABSTRACT

Managers are currently dealing with a variety of sourcing decisions regarding information technology (IT) projects. Reduction in labor costs is the primary driver for outsourcing and offshoring initiatives (e.g. Klaas, McClendon and Gainey, 1999; Lacity, Willcocks, and Feeny, 1996). However, the challenges posed by these solutions can be reduced, or possibly eliminated, through a novel and innovative collaboration approach called 'inter-sourcing'. This paper defines what is meant by inter-sourcing, and identifies benefits and challenges associated with this new approach. This "work in progress" outlines the preliminary development of this exploratory project and the qualitative methodology that will be used to investigate the topic in depth. If accepted for the MWAIS program, the authors will share updated findings from interviews and anecdotal evidence of successful projects resulting from inter-sourcing alliances.

Keywords

Outsourcing, offshoring, inter-sourcing, IT projects.

INTRODUCTION

Discussions of optimal sourcing decisions have become pervasive in the IT literature over the past decade (e.g. Schniederjans and Zuckweiler, 2004). There are numerous drivers presented to encourage outsourcing or offshoring of IT work (e.g. Scott, 2011). Heikkilä and Cordon summarize the primary drivers as: "Scarcity of capital; lack of know-how; flexibility and the need for quick response or small production; speed or time to market; asset utilization or spare capacity; and, economies of scale" (2002: pp. 185-186). As should be expected, there are also a number of challenges companies face when pursuing outsourcing arrangements: "Transfer of know-how that encourages new competitors; changes in the balance of power in the industry; dependency, confidentiality and security issues; and, fear of opportunism" (Heikkilä and Cordon, 2002, pg. 186). Many of the existent studies inform management to retain core capabilities, focusing company's resources on the things they do best (e.g. Willcocks and Feeny, 2006). Other researchers provide alternative solutions, such as selective IT sourcing, as compared to the "all or nothing" approach (Lacity, Willcocks, and Feeny, 1996).

All of these previous sources share many advantages and disadvantages, but what they all have in common is the external nature of the relationship being forged. For example, Kosnik, Wong-MingJi and Hoover (2006) describe five models of human resource supply chains. Strategic use of human resources is not new, but finding a solution to make optimal use of limited resources is an ongoing managerial concern. The remainder of this paper begins with a brief discussion of the stakeholders of inter-sourcing. We continue with several key concepts related to inter-sourcing and the creation of similar alliances. Each of these topics is presented along with a list of questions we will be posing to actual participants in similar sourcing arrangements. The final outcome of this project will be a summary of best practices that will permit interested firms to create similar alliances without learning these lessons the hard way.

INTER-SOURCING APPROACH

Inter-sourcing is defined as the mutually beneficial contractual arrangement between a company, a university, and student interns for the completion of specified project outcomes. What we are proposing is the creation of an alliance between three entities with compatible goals and objectives. To employ a somewhat trite saying, it's a "win-win" (or, more accurately, a "win-win-win") solution (Covey, 2004). By creating a professional bond, the long-term benefits should be greater than short-term alliances created for the duration of a development project. As stated, the three stakeholders share common goals, namely:

(1) Companies are eager to acquire cutting-edge skills without incurring additional training costs, reducing labor costs for high-priced IT experts, and collaborations that are easy to implement. They also participate in career fairs in order to attract high-quality student interns and, eventually, permanent hires with the skills they seek.

(2) Universities are constantly searching for opportunities to enrich their educational curriculum. Enhancing the curriculum with practical, experiential learning (i.e. internships and co-ops) provides experiences beyond the traditional classroom and textbook environment.

(3) Students desire challenging, hands-on experiential learning with tangible personal benefits. They, ultimately, wish to obtain rewarding, full-time employment following graduation. To that end, developing identifiable skills that are valued by employers would serve them well.

The primary difference between the proposed inter-sourcing and the common internship program is the role of the university in the arrangement. Inter-sourcing includes active university involvement, encouraging a more learning-oriented relationship. The exchange of knowledge and wisdom would potentially benefit all three stakeholders. Another key difference is the existence of an inter-sourcing office, positioned geographically close to the university, allowing students to concurrently attend class and work.

KEY CONCEPTS AND BEST PRACTICES

Based on a preliminary literature review and observations of two inter-sourcing alliances, a list of key concepts was created. The following list provides a partial framework for the next steps of this study. The concepts are not presented in any particular order, and they are not intended to be an exhaustive list.

Start-Up Challenges

Some of the initial concerns include physical space requirements, computer equipment, network and communication infrastructure, security (e.g. VPN channel), and corporate system access for student interns. Questions include: What are the anticipated start-up costs? Is it best to develop the office using a gradual transition period, or should the program director transfer all work responsibilities to the inter-sourcing office abruptly?

Data Security

The interns will potentially have access to sensitive corporate data. They must be trained to understand the huge responsibility of their new position. Obviously, confidentiality agreements and contracts must be created and enforced.

Ongoing Challenges

To get the inter-sourcing satellite office off to a solid start, there needs to be a corporate champion who is passionate about making the project successful. Open and continuous communication with a supportive university agent is also important. And, dedicated students must be willing to juggle the demands of schoolwork and an internship.

Vulnerabilities

It's possible that the company could pull the plug on the inter-sourcing satellite office without explanation or prior warning. Should there be long-term contracts? What work responsibilities will the satellite director retain back at the parent office? Will the director lose out on promotions and opportunities due to "out of sight, out of mind" phenomenon?

Measurements of Success

An important part of sustaining the agreement will rely on a proven track record of success. What metrics will be used to document successful achievement? With predictably high turnover of student interns, will projects be held to the same timeline? Is there a target ROI that must be reached?

Progression and Outcomes

Regarding the long-term relationship with student workers, will the interns be "fast-tracked" to permanent positions with the parent company? They have already been acclimated to the corporate culture and learned standard operating procedures. One might assume that this intensive training would often translate into a job offer.

Miscellaneous Issues

Other questions that should be addressed are: What industries, projects, and specific tasks are ideal for this type of arrangement? What type of personality or leadership style is optimal for directors of this type of office? How often should the office staff/director communicate results to corporate?

PROPOSED METHODOLOGY

A qualitative methodology is most appropriate for this exploratory study, with the intention of extracting relevant information in the pursuit of greater understanding. The researchers will interview representatives from each of the three stakeholder groups (company representatives, university academic staff, and student interns). We plan to use a stratified, convenience sampling technique to locate interviewees. Our objective is to conduct at least 30 interviews (10 from each stakeholder group) to develop a clear understanding of the phenomenon of interest. As explained above, a summary of best practices will be shared following a rigorous content analysis of the data. We anticipate that the data aggregation process will generate new insights and representative illustrations of inter-sourcing alliances.

CONCLUSION

This paper introduced a new sourcing strategy that alleviates some of the common disadvantages of traditional offshoring IT projects. Inter-sourcing creates synergistic alliances between companies, universities, and college students in an internship relationship through contractual agreements. This paper described the key issues and challenges to be considered in developing this type of arrangement. The next step for the research team is to create a semi-structured interview guide based, in part, on the questions suggested in this preliminary study. If accepted for inclusion in the Midwest AIS conference program, the researchers will present an updated version of the study, including the results from at least three interviews, one from each stakeholder group.

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