Top Trends and Topics for Outsourcing Managers – A Longitudinal Study

Completed Research

Heiko Gewald  
Neu-Ulm University of Applied Sciences  
heiko.gewald@hs-neu-ulm.de

Leonie Schäfer  
Neu-Ulm University of Applied Sciences  
leonie.schaefer@hs-neu-ulm.de

Andy Weeger  
Neu-Ulm University of Applied Sciences  
andy.weeger@hs-neu-ulm.de

Abstract

Outsourcing has been an area of academic interest for more than 25 years. This research strand has produced output of highly theoretical but also of practical value by combining rigor and relevance. As for all practically relevant research areas, it is important to align future research agendas and efforts with practitioners' current and expected future priorities. In order to provide insights on the challenges which decision makers in large corporations face, we surveyed sourcing managers from Germany's 500 largest corporations and the 50 largest financial services firms. We interviewed a panel of experts to identify high priority topics and added trends from contemporary outsourcing research. Based on this list we conducted two Delphi studies in 2012 and 2015 and asked senior managers to prioritize the topics.

Our results indicate that findings from academia do not always get through to practice. The most pressing topics have all been addressed by previous research.

Keywords
Outsourcing, Longitudinal Study, Delphi Study, Practical Implications.

Introduction

Outsourcing is one of the research strands in Information Systems (IS) research which is strongly dependent on a close connection between practice and academia (Lacity et al. 2009). IS prides itself upon being an academic discipline which strives to deliver high quality scientific results which matter for practice (Rosemann and Vessey 2008). To achieve this ambition, IS researchers use rigorous scientific methods to produce relevant insights (Bhattacherjee 2001), which means not only keeping up-to-date on academic progress in the field, research methodologies, etc. but also following the ever-evolving challenges practitioners face (Gill and Bhattacherjee 2009).

Outsourcing, which is defined as “handing over the management of a function, assets, people, or activity to a third party for a specified cost, time and level of service” (Willcocks et al. 2015,p.3), developed as management practice in the 1960s and gained academic attention from the late 1980s onwards (Hirschheim and Klein 2012). This research area is a good example of how academia identifies a practical phenomenon, frames it methodologically and applies/builds a broad set of theories around it to provide guidance to practitioners (Dibbern et al. 2004). Nowadays, outsourcing is widely regarded as an accepted management method of Strategic Information Technology (SIT).

For more than two decades, outsourcing has been a popular topic at information systems conferences and several thousand articles on the topic have been published in academic and practitioner-oriented journals (Lacity et al. 2009). Outsourcing research is now celebrating its 25th anniversary if one regards the work of Loh and Venkatraman (1992a; 1992b) as a starting point of academic interest.
Therefore, it seems an appropriate timing to ask the question what are the most pressing topics as perceived by practitioners? One would expect that after almost three decades of outsourcing research and accompanying publications, managers are concerned with today’s cutting edge issues like Robotic Process Automation (RPA) (Lacity et al. 2016) and the likes. In order to find solid ground for this assumption we conducted a quantitative survey of senior executives responsible for outsourcing. The managers of the 500 largest corporations and 50 largest financial services firms in Germany were invited to participate in a Delphi study with three iterations. In order to not only provide a snapshot but also to get insights how topic evolve over time, the study was conducted twice (2012 and 2015) in an identical manner. Overall, 195 experienced sourcing managers participated in all three iterations and contributed their views on present and future challenges in the field of outsourcing. This could serve as input in formulating a research agenda which helps align scholars’ focus with practitioners' problems.

This paper is structured as follows: First, the relevant literature is discussed, followed by an explication of the chosen research method and its application. Then the results are presented and discussed. The paper closes by explicating its limitations, identifying opportunities for further research and the conclusion.

**Literature Review**

**Outsourcing Research**

Outsourcing is among the older research strands in IS. The respective output of the academic community has been extensive and several literature reviews have been published with a combined analysis of more than thousand papers. Among the renowned reviews are Dibbern et al. (2004), Lacity et al. (2009), Lacity et al. (2010), Lacity et al. (2011), (Lacity et al. 2016) and Liang et al. (2016) due to their methodologically rigorous approach and academic contribution. As with all good literature reviews, the examples noted subsume their findings into existing overviews and identify areas of possible further research.

Dibbern et al. (2004) identify a series of emerging issues to guide further research, including: Change in Focus, Growth in Alliances/Partnerships, Equity Holding Deals, Backsourcing, Offshoring, and Application Service Providing. Given that this paper was published more than ten years ago and received wide attention in the academic community, one would assume that their call for research has been heard (as noted by Lacity et al. (2010)) and the issues identified have been either solved by now, or are at least not a top concern anymore. However, as more recent reviews illustrate, many of these research topics are still relevant today.


The work of Liang et al. (2016) is amongst the latest literature reviews in the field. The authors used Main Path Analysis to analyze academic research on outsourcing and identified the following areas for further research: New forms of Outsourcing Decisions, New Angles of Outsourcing Relationships, Risks of Outsourcing, Offshoring, Emerging ITO varietals.

Lacity et al. (2016) updated their work mentioned above to close the literature gap from 2010 to 2014. They identify the following areas for further research (aggregated): Strategic motivations of outsourcing decisions, Strategic sourcing outcomes/innovation effects, Environmental influences, Configurational approaches, Client firm capabilities, Provider firm capabilities, Pricing models, Business analytics/knowledge process outsourcing, Destinations besides India, Emerging models and trends.

All academically sound literature reviews put forward calls for development of new theories or the advancement of existing theories in the field of outsourcing. For guidance on academic direction, we decided to rely on the thoughts put forward in the major literature reviews. This meta view still produced a lot of suggestions that needed to be clustered to guide the expert interviews as described later in the paper.
Delphi as a Tool in IS Research

The Delphi method is "a popular tool in information systems research for identifying and prioritizing issues for managerial decision-making" (Okoli and Pawlowski 2004, p.15). IS scholars have a long tradition of using Delphi studies to prioritize topics of interest. The Society for Information Management (SIM) for example, did a longitudinal series of Delphi studies asking its members to identify the Key Issues in Information Management (Brancheau et al. 1996; Brancheau and Wetherbe 1987). Nakatsu and Iacovou (2009) studied the risk profiles of outsourcing vs. offshoring and Doke and Swanson (1995) assessed managers' decision making in software development and Jones et al. (2015) researched personal information management habits, just to name a few. More work is presented in Okoli and Pawlowski (2004).

Okoli and Pawlowski (2004) provide a comparison of traditional survey methods vs. Delphi studies. In conclusion, the Delphi method has been found to be specifically useful in aligning thoughts and reaching a consensus among multiple individuals through a transparent and structured process. Different forms of operationalization are possible and there are no guidelines for deriving the initial collection of factors to be prioritized. For example, Okoli and Pawlowski (2004) and Nakatsu and Iacovou (2009) took a panel approach, categorizing experts according to different perspectives, such as clients and vendors.

Also the question remains open whether the respondents need to provide reasoning for their prioritization, which would only be feasible with smaller number of respondents and a face-to-face approach. In a broad scale, quantitative investigation using paper or online questionnaires, asking for reasons for every prioritization could result in many blanks or deter participation. Finally, there are different approaches towards the number of final issues to be put forward. Some authors argue that every stage needs to reduce (or at least not enlarge) the number of topics, while others invite respondents to add topics (usually in stage 1) which had not previously been identified. In summary, it needs to be noted that several different notations of "the" Delphi Method exist, whereas none of them seems to be "the one and only". As such, some deviations may be applied in the field. The Delphi method applied for this study is based on the work of Brancheau and Wetherbe (1987), Brancheau et al. (1996) and Okoli and Pawlowski (2004).

Research Method and Application

Delphi Method

“The Delphi technique is in essence a series of sequential questionnaires or ‘rounds’, interspersed by controlled feedback, that seek to gain the most reliable consensus of opinion of a group of experts.” (Powell 2003, p.376). To start the prioritization process an initial list of topics needs to be compiled. In a Delphi study, this is done by an expert panel. The experts select the topics which are ten provided to the participants (in alphabetical order) to be prioritized. The following process takes as many iterations as necessary until the prioritized list of topics is stable and no further major movements occur. Previously published research reports that in settings similar to our study, three iterations were sufficient.

In the first iteration, respondents are asked to prioritize the initial list of topics. Some authors recommend inviting respondents to add new topics they consider important that are not on the list. The second iteration provides the results of stage 1 (i.e., a prioritized list plus the new topics) and requests respondents to reprioritize the topics. The respondents can either confirm the prioritization provided, or reorder the list. The third iteration provides the results of stage 2 without adding new items and asks for another reprioritization. If the vast majority of participants (we assume around 90%) do not disagree with the list provided, the process comes to an end.

Research Process and Data Gathering

Generation of Initial List of Topics

The aim of this research is to collect information from practitioners on the topics they think will shape the outsourcing discussion over the coming years. To gather a set of initial topics to be prioritized, exploratory research was conducted via in-depth interviews with thirteen expert practitioners in the field. Based on the findings of the literature review, six clusters were formed to guide the interviews. The clusters were derived
through coding and sorting by the research team with the goal of identifying a set of approximately five general topics to help structure the interviews and allow the team to draw conclusions when analyzing the findings. The clusters represent a very broad topic and corresponding entry level questions:

- Trends in outsourcing (What are the current developments and major trends in the field of outsourcing?)
- Benefits of outsourcing (What improvements can companies achieve through outsourcing?)
- Risks of outsourcing (Which outsourcing risks do you consider most relevant?)
- Why outsourcing projects fail (What major mistakes do companies make in outsourcing projects?)
- Sourcing scope (Which are the challenges involved in defining the scope of the outsourcing project?)
- New sourcing (Which future challenges do you anticipate in the field of outsourcing?)

Interviewers' material contained a large and detailed set of research suggestions compiled through the literature review. However, in order to avoid influencing the experts during the open discussion, this background information served primarily to ensure that the interviewers understood every point correctly and were able to confirm their understanding during the interview.

Our interview partners were from different industries and all were managers either responsible for the sourcing function or overseeing sourcing management. The informants had on average 13.1 years (between 5 and 23) experience in the sourcing business. In two cases, the interviewees were from the same corporation, so the interviewees were from eleven different corporations in Germany. Eight interviews were conducted face-to-face and five by telephone. The interviews lasted between 60 and 180 minutes and were documented either on tape or by at least two researchers taking minutes.

The interviews generally started with a discussion about the risks and benefits of outsourcing and a reflection on personal experiences with failed outsourcing projects or the discussion of exceptionally successful engagements. This part of the interview generally took about 30-60 minutes. Thereafter, the discussion was guided towards new trends and current concerns. Although the interviews touched several negative points/failures, the interviews were very open, even more so than had been previously expected. Some interviews lasted around three hours because the interviewees had so much to say and wanted to make sure that all their points were well covered. Of course, complete anonymity of the informants was ensured throughout the process.

The following paragraphs provide a brief explanation of the consolidated top ten topics (in alphabetical order) raised by the experts and complemented by topics deemed important by the research team.

**Backsourcing/re-integrating formerly outsourced business parts**
Backsourcing refers to the re-integration of previously outsourced functions. The triggers for backsourcing strategies are diverse and can include rising costs, poor services or vendor quality, tailspin or poor knowledge / lack of knowledge about the industrial situation on the part of the outsourcing partner. Other internal factors such as internal reorganization may also trigger backsourcing.

**Closing the offshoring gap**
The experts referred to cultural differences between outsourcing partners in long distance partnerships as the offshoring gap. Especially in large outsourcing projects, offshoring is nowadays common practice. Although many researchers have investigated the complex of intercultural differences, knowledge sharing and management methods in recent years, the offshoring gap still poses great difficulties in practice.

**Developing a multi-vendor outsourcing landscape**
Companies have acquired a lot of knowledge about outsourcing over the past years and many are now able to break down their outsourcing projects into smaller parts, i.e. select the vendor best suited for a much more specific task than in earlier times. This leads to a multi-vendor landscape requiring new structures for collaborating with vendors, coordinating outsourced process(es) and creating inherent interfaces. Research on this topic is very rare, even though it has been recommended as an area of further research several times.

**Developing outsourcing networks**
The outsourcing market has achieved a high level of granularity and ever smaller parts of the business can be outsourced. As the business model of the vendor is usually built on economies of scale, small projects with low numbers of transactions are less attractive and economically unviable. In response, ecosystems of outsourcing networks have evolved: clients bundle their transactions into packages, align their
requirements and define standardized packages. This network helps companies to gain advantages through outsourcing even if the task or function is too small to be outsourced on its own.

**Governing multi-sourcing arrangements**
The trend toward smaller outsourcing projects and a larger number of service providers leads to an increasing number of outsourcing relationships and thus more complex multi-vendor arrangements. Creating effective and efficient governance structures for these new forms of outsourcing collaboration is considered a major challenge among practitioners.

**Implementing cloud computing in outsourcing**
Cloud computing is currently a hot topic in outsourcing. Its importance continues to increase as cost savings and variabilization of costs etc. remain high on the corporate agenda. Many sourcing managers consider the potential of cloud computing as part of their own sourcing strategy. According to the experts, service offerings suitable for large business operations and their specific demands (e.g. security, privacy, reliability, high transaction volumes and non-linear storage needs) are still rare. Experts report a “severe difference between marketing presentations and real life delivery capabilities”.

**Integrating outsourcing into enterprise risk management**
Proper risk management is a key to successful business management not only for financial service institutions (required by law to document their risk exposure) but also for any other corporation. As outsourcing involves delegating responsibility to an external party, risk management needs to be especially sound in these areas. Enterprise-wide and integrated risk management systems still pose an issue in practice and have receive little attention by IS scholars.

**Moving from off- to nearshoring**
A trend reported by the experts is the move from offshoring partners to nearshoring arrangements (i.e. a partner in a country with lower cost structure which is located closer and has similar cultural values and legal system). Companies expect nearshoring to result in better quality and fewer communication errors. However, switching to nearshoring poses its own challenges related to transferring outsourced operations from one region to another, managing different and new financial and cultural challenges, etc.

**Professionalizing the retained organization**
Maintaining the quality of the retained organization, i.e. the employees that remain with the company during the outsourcing project to guide and control the vendor after the transition phase, remains a topic of great concern. In the early days of outsourcing, the retained organization was often too small or lacked key capabilities. Practitioners’ current concerns include maintaining high levels of employee effectiveness, accountability and long-term motivation.

**Selecting outsourcing partners**
The key factor for successful outsourcing projects is to find the right outsourcing partner. Many companies have learned that low cost partners are not necessarily the best suited partners for a long-term outsourcing relationship. In addition to the bottom line, soft factors are considered by practitioners to be key to a successful cooperation.

**Three Stage Delphi Study**
To gather information on how practitioners prioritize outsourcing topics, we contacted sourcing managers at the 500 largest companies and the 50 largest financial service firms in Germany. The 500 largest companies were drawn from a list published annually in the German newspaper “Die Welt”. Size of the companies is determined by revenue. Since financial service firms do not report revenue, they are not included in this list. However, since such firms are traditionally heavy users of outsourcing services, we added the 50 largest financial services companies to the sample, according to their balance sheet statements.

The e-mail addresses of responsible sourcing managers where identified through publicly available information as well as business contact platforms such as LinkedIn or XING (popular in Germany). All potential candidates were contacted by e-mail or telephone and asked whether they would be willing to participate.

We ran the study two times: in 2012 and in 2015 in identical ways. Due to changes in the corporate world (changes in size of company, mergers, changes in management etc.) the list of participants changed in part.
The survey was provided digitally using the software “Eval&Go” allowing the participants to prioritize the given topics via drag-and-drop and also to add and briefly describe important topics not yet in the list. All candidates received a personalized link to ensure that every participant filled out only one survey. The survey data was stored completely anonymously and tracing responses back to individual respondents is not possible.

The Delphi Studies consisted of three iterations each in the middle of the year. The first stage took three weeks (after two weeks a reminder was send to the participants). The second and third stages were performed in two weeks (whereas after one week a reminder was sent to non-respondents and a second reminder was sent a few days later).

The response rates throughout the three stages are provided in Table 1. The overall response rate for the complete cycle in 2012 was 66.9% (115 of 172 respondents) and 41.2% in 2015 (80 of 194 respondents).

<table>
<thead>
<tr>
<th>Rk</th>
<th>Description of Issue</th>
<th>Mean Rank</th>
<th>STD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Selecting the outsourcing partner</td>
<td>2.35</td>
<td>2.30</td>
</tr>
<tr>
<td>2</td>
<td>Definition of the outsourcing scope</td>
<td>3.10</td>
<td>2.44</td>
</tr>
<tr>
<td>3</td>
<td>Professionalization of the retained organization</td>
<td>3.32</td>
<td>2.32</td>
</tr>
<tr>
<td>4</td>
<td>Development of the company’s “ability to outsource”</td>
<td>3.99</td>
<td>2.02</td>
</tr>
<tr>
<td>5</td>
<td>Governance mechanisms for multi-sourcing arrangements</td>
<td>6.12</td>
<td>2.13</td>
</tr>
<tr>
<td>6</td>
<td>Integration of outsourcing into the enterprise risk management</td>
<td>7.08</td>
<td>2.19</td>
</tr>
<tr>
<td>7</td>
<td>Development of a multi-vendor outsourcing landscape</td>
<td>7.11</td>
<td>1.94</td>
</tr>
<tr>
<td>8</td>
<td>Improving the provider management by actively managing the relationship</td>
<td>8.22</td>
<td>2.64</td>
</tr>
<tr>
<td>9</td>
<td>Implementation of legal and regulatory requirements</td>
<td>8.24</td>
<td>2.06</td>
</tr>
<tr>
<td>10</td>
<td>Improving the legal/contractual frameworks and contract management</td>
<td>9.22</td>
<td>2.41</td>
</tr>
<tr>
<td>11</td>
<td>Development of outsourcing networks</td>
<td>10.89</td>
<td>2.25</td>
</tr>
<tr>
<td>12</td>
<td>Backsourcing/re-integration of formerly outsourced business parts</td>
<td>11.71</td>
<td>2.50</td>
</tr>
<tr>
<td>13</td>
<td>Implications of cloud computing for outsourcing</td>
<td>11.81</td>
<td>2.65</td>
</tr>
<tr>
<td>14</td>
<td>Close the offshoring gap</td>
<td>13.37</td>
<td>2.12</td>
</tr>
<tr>
<td>15</td>
<td>Moving from off- to nearshoring</td>
<td>13.49</td>
<td>3.16</td>
</tr>
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</table>

Table 2: Results of the 2012 Survey (n=115)

<table>
<thead>
<tr>
<th>Rk</th>
<th>Description of Issue</th>
<th>Mean Rank</th>
<th>STD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Selection of the Outsourcing partner</td>
<td>1.00</td>
<td>7.03</td>
</tr>
<tr>
<td>2</td>
<td>Definition of the Outsourcing scope</td>
<td>2.19</td>
<td>9.03</td>
</tr>
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<td>3</td>
<td>Development of the company’s “ability to outsource”</td>
<td>2.81</td>
<td>9.04</td>
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<tr>
<td>4</td>
<td>Professionalization of the retained organization</td>
<td>4.19</td>
<td>8.54</td>
</tr>
<tr>
<td>5</td>
<td>Know-how-transfer between vendor and client</td>
<td>6.12</td>
<td>8.85</td>
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<tr>
<td>6</td>
<td>Integration of Outsourcing into the enterprise risk management</td>
<td>6.19</td>
<td>8.79</td>
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<tr>
<td>7</td>
<td>Improving the provider management by actively managing the relationship</td>
<td>6.81</td>
<td>7.92</td>
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<td>8</td>
<td>Implementation of legal and regulatory requirements</td>
<td>8.19</td>
<td>8.48</td>
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<tr>
<td>9</td>
<td>Governance mechanisms for multi-sourcing arrangements</td>
<td>9.19</td>
<td>9.81</td>
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<tr>
<td>10</td>
<td>Improving the legal/contractual frameworks and contract management</td>
<td>9.63</td>
<td>8.47</td>
</tr>
<tr>
<td>11</td>
<td>Development of a multi-vendor Outsourcing landscape</td>
<td>11.19</td>
<td>8.81</td>
</tr>
<tr>
<td>12</td>
<td>Implications of Cloud Computing for Outsourcing</td>
<td>12.37</td>
<td>8.80</td>
</tr>
<tr>
<td>13</td>
<td>Backsourcing/re-integration of formerly outsourced business parts</td>
<td>14.10</td>
<td>7.45</td>
</tr>
<tr>
<td>14</td>
<td>Utilization of agile methodologies for project management</td>
<td>14.30</td>
<td>7.75</td>
</tr>
<tr>
<td>15</td>
<td>Development of Outsourcing networks</td>
<td>15.19</td>
<td>6.59</td>
</tr>
</tbody>
</table>

Table 3: Results of the 2015 Survey (n=80)
New Topics
The participants had the opportunity to suggest new topics on the online survey form. All suggestions were clustered and labeled by the research team. If clarification was necessary and the respondent agreed to be contacted by the research team, the team asked for further explanation. Topics mentioned by more than 2.5 percent of the participants were included in the list. The seven new topics (five in 2012 and two in 2015) which made it to the final Top-15 list are briefly described in alphabetical order in the following.

Definition of the outsourcing scope
A key to successful long-term outsourcing is to protect the company’s core-competencies while pursuing a strategy focused on personal contribution. Researchers and practitioners are challenged to develop strategies and methods to identify potential outsourceable non-core-competencies and correctly configuring the specific outsourcing project.

Development of the company’s “ability to outsource”
This issue deals with the organizational readiness: in order to successfully outsource parts of its business, a company must develop the requisite capabilities, standardize its business processes and develop systematic transformation and change management processes.

Implementation of legal and regulatory requirements
It is important to comply with existing and new regulatory requirements in outsourcing arrangements. Corporate compliance is a big issue, especially in an outsourcing arrangement where third-parties act on behalf of the firm (i.e. delegated responsibilities). Keeping up-to-date on the latest changes and updating the applicable outsourcing arrangements poses a challenge to the managers responsible for outsourcing.

Improving the legal/contractual frameworks and contract management
Contractual obligations in outsourcing include collaboration, the responsibilities and arrangements for risk-sharing, mechanisms of incentives, exit strategies and flexible reactions to changing circumstances. The arrangements should be reflected in the methods and models for developing contractual frameworks in order to improve contract management in dynamically evolving and complex settings.

Improving the provider management by actively managing the relationship
Provider management, which has received much attention in the past years, can be improved by configuring efficient and economically successful relationships in the contexts of cultures, physical distances and trust between vendor and client.

Transferring know-how between vendor and client
Virtually all companies have the goal of acquiring knowledge through outsourcing and/or at least not losing too much of their knowledge when outsourcing parts of their business. Practice is looking for methods to outsource business without losing the corresponding know-how.

Utilization of agile methodologies for project management
Practice is getting accustomed to agile methods and wants to see these methods also in the context of outsourcing arrangements. This is probably reasoned by the demand of clients to find a solution that solves their needs instead of fitting to the standardized service definition of the provider.

Interpretation of Results
The results of the study underline that -despite its relative maturity- outsourcing is still a topic of great interest. All together 195 executives took the time to participate in our Delphi studies through all three stages, which indicates great commitment and high interest. This is also underlined by the fact that the participants suggested multiple additional topics which implies that they actively worked with the list to identify gaps important to them. This certainly motivates future outsourcing research.

Our quantitative results provide some unexpected insights. A major finding was, that the high-ranking topics (i.e. the Top 15) are all rather saturated issues and hardly any of them can be categorized as “cutting-edge” (arguably implications of cloud computing can). The high-ranking topics can be grouped into four cluster:
1. The issues related to managerial decisions. How to find the right partner for a long-term outsourcing relationship? How to define the right scope for the project? Is the company “ready to outsource”? How does the retained organization need to be organized and positioned to ensure maximum efficacy? It becomes apparent that outsourcing managers are looking for guidance – probably in the form of theoretical explanations and guiding frameworks – to help them answer these difficult questions.

2. Managing the service provider is another area of great concern. How to ensure that know-how is not lost and is transferred between the companies? How to manage the relationship to one and to many providers? What are the appropriate governance mechanisms? And how to configure the optimal contract?

3. Additionally, contemporary topics of managerial responsibility like regulatory issues and compliance score high on the outsourcing managers’ list of priorities. Public attention to risk management is high, and management must follow suit.

4. Further down the line but yet important and likely to increase is the topic of cloud computing in all its facets. Cloud computing is a means to increase flexibility, which is also provided by multi-vendor arrangements, sourcing networks and the question of back-sourcing.

A longitudinal assessment shows that the first four topics did not change and only #3 and #4 changed their position from 2012 to 2015. Analysis of the mean rank in both years confirms that significance of the first four issues for all participants.

On topics #5 to #15 we saw some movement from 2012 to 2015 (only #6 remained stable):

- Governance of multi-sourcing (#5) and multi-vendor landscapes (#7) significantly dropped in importance. This implies that either the sourcing managers gained experience and found/developed useful frameworks for this difficult governance issue or that multi-sourcing landscapes declined in importance. Maybe the corporations reached a higher level of outsourcing maturity and can now better cope with a larger number of outsourcing partners, thus this issue does not pose a massive problem anymore. However, both remain in the Top 15.
- Risk, legal, regulatory and compliance form the next big block of hot issues. They remain either stable (#6 and #10), or grow in importance (#8 and #9). This seems to reflect the struggle of outsourcing buyers to keep up to date with changing regulatory regimes, faster business cycles which result in the need for more flexible contracts, and increasing needs to ensure compliance internally, as well as in interaction with the outsourcing partner.
- The development of outsourcing networks (#11) declined to #15 in 2015, probably reflecting the arguments of the first bullet of this paragraph.
- Back-sourcing (#12) declined while cloud computing (#13) moved up a bit. However, they can be regarded as mainly stable. On the agenda, but not too high.
- Two of the topics of 2012 (#14 and #15) dealt with offshoring. They are not in the 2015 list anymore. This might be due to the overall “offshoring-hype” cooling down the last years. By now it seems that firms have either managed to improve their offshoring capabilities or they pulled out of offshoring and either re-integrated or onshored the respective functions.
- In 2015, we saw know-how transfer as new topic on the list, suggested by one of the respondents and climbing all the way up to #5 in the third stage. Although research addressed this issue from different points of view over the last years, apparently no good solution has made it into practice as it still poses one of the big issues in outsourcing.
- Finally, the 2015 respondents brought up another new topic (agile methods, #14). Agile methods in project management and software engineering became more-and-more popular in the corporate world over the last years which is also reflected in media coverage. It is also likely that consultants on an outsourcing project brought these methods to the table.

Limitations

The results of the study are only representative for large corporations and financial services companies in Germany. In addition, the results reflect the views of experienced sourcing managers in large corporations. Enterprises with less experience in outsourcing ventures or small and medium sized enterprises may have other priorities.
Further Research

The results presented above show that the most pressing issues from practitioners' side have been investigated by research from different perspectives multiple times over the last two decades. Therefore, one would assume that the findings and practical implications of these researches would have been picked up by practitioners. However, apparently, this has not yet been the case. This brings up a discussion which concerns the IS community every once in a while, whether IS researchers need to publish in practitioner-oriented journals or whether academic papers need to be written so as to be more helpful for practitioners (Ramiller and Pentland 2009; Straub and Ang 2011).

To support this discussion with more quantitative input, further research is encouraged to analyze the outsourcing-related papers published in academic and practitioner-oriented outlets for their findings and recommendations and map these to the results of our study to see if there is a significant connection between published research findings and challenges perceived by practitioners and what the time lag may be. Accompanying research should investigate how (experienced) sourcing managers acquire new knowledge and what the respective outlets are (enhancing the work of Franke and Gewald (2006)).

Also, future research could investigate to what degree sourcing managers in other settings i.e. other developed or developing economies or other economical clusters (such as small and medium-sized enterprises) prioritize outsourcing topics and what the differences are compared to our findings.

Conclusion

This study aims to provide outsourcing scholars with a view of practitioners’ current priorities outsourcing and how these develop over time. Two Delphi studies based on an expert panel and a literature review with three iterations of prioritization each were conducted among Germany’s 500 largest corporations and the 50 largest financial services firms in 2012 and 2015. All together 13 experts provided input and 195 sourcing managers completed all three iterations of the Delphi processes.

The findings indicate that outsourcing remains a hot topic, even after more than 25 years of academic research. We saw that offshoring topics declined in importance whereas cloud computing and agile methods are new on the agenda.

We identified four clusters where researchers interested to provide insights and guidance for practitioners should focus their attention.

**Managerial decisions**
There are still open questions around the overall outsourcing arrangement. Especially selection of the right partner is among the top proprieties of sourcing managers, as is the ability of the company to outsource parts of their business.

**Managing the service provider**
New forms of outsourcing and new provider structures require new forms of management. Hence, governance issues, relationship management and alignment are key topics on the corporate agenda.

**Managerial responsibilities**
Being responsible for externally produced results, as is the case in an outsourcing arrangement, is a difficult position for the responsible management. Integrated risk management as well as adherence regulation and compliance are a necessity but pose a series of new questions which need to be answered.

**Increased flexibility**
There is a set of trending themes around cloud computing and multi-vendor arrangements. Contemporary service offerings praise the virtue of flexibility, yet substantive questions remain. However, no firm can risk lagging behind in competition and flexibility is often key to leading the market. This puts sourcing managers under pressure to come up with viable solutions to increase flexibility, which can be supported by academic studies in this area.

Although this study is prone to the limitations stated above, it may serve to help researches align their selection of research areas with the priorities of practitioners. In order to stay relevant as an academic discipline, it seems imperative to align theoretical contributions with practical needs periodically. In line
with the arguments of Rosemann and Vessey (2008) we hope to support fellow researchers in defining outsourcing research for the future to benefit the practitioners who constitute our research cases.

We are grateful to all practitioners who made time in their busy schedule to help us conduct this research.

References