

# **OUTSOURCING IT PROCESSES: PRESENT AND FUTURISTIC VIEWS**

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## **ABSTRACT**

Information technology (IT) functions are strategic necessities in organizations. However, they are not necessarily core competencies. Hence, IT functions are likely candidates for outsourcing and off-shoring. The outsourcing/off-shoring market has evolved and maturing and becoming more stable. Considering trends in the growth of outsourcing/off-shoring this paper identifies the IT processes which could be outsourced now and predicts which IT processes could be outsourced/off-shored in the future. This paper presents thirty-eight IT processes that have been identified as subject to be outsourcing in the past and discusses whether and how they might continue to be outsourced in the future.

## **INTRODUCTION**

In today's business environment, organizational and technological factors are creating a highly competitive business environment in which customers are the focal point. To satisfy the customer's need to provide the products/services of a given quality at minimum price the organizations have used number of strategies including improvement in productivity by standardization, automation, and business process reengineering. Simultaneously they focused on restructuring the organizations to make it lean and flat so that it can become flexible in responding quickly to the changes in environment and customer's need. On exhausting these options, the latest manifestation to lower costs is outsourcing to lower-wage labor to countries such as China, India, Ireland, and the Philippines. This phenomenon is no different than reducing the labor cost by automation or technology.

Globalization will hit virtually all large corporate IT departments [1]. The exercise of analyzing outsourcing opportunities turn into positive for IT. If you go back 10 years [2], IT was a function that everyone had to have, but you didn't know if it was competitive or not. However, today the cost per line of code versus the cost charged by a competitive outsourcer is compared and questioned whether this function is to be retained in-house or not. Additionally, the option of off-shoring gives companies more productivity and additional innovation by having people working for them in different time zones around the globe, essentially extending their operating hours [3].

Much has been said about the outsourcing/off-shoring and its implications on national economy. However, this paper looks into each individual IT processes and identifies the range of processes which could be outsourced/off-shored now and predicts the processes which could be outsourced/off-shored in the future. The next section discusses the off-shoring/outsourcing from economic perspective, followed by discussion on reasons for off-shoring globally, the advantages vendors have in IT function, and historical perspectives. The article discusses trends in performance of IT function, identifying processes for outsourcing/off-shoring conclude with author's summary of findings and concluding remarks.

## **PAPER AVAILABILITY**

The full version of this initial ten-page paper is available now from the authors upon request.