

Cathay pacific essay

[Business](#), [Industries](#)



1.

Cathay Pacific implemented outsourcing of nonstrategic functions to contractors with their own individual vertical specialization so that Cathay can focus on its core aviation competencies. Outsourcing was bridging gap between the IM department and business side. “ Systems development and Support” was changed to “ System Delivery” as it started to focus on delivering IT systems to business units rather than writing code and developing applications so that systems can be delivered faster with less cost and reduced risks. Cathay’s networks were outsourced to SITA to provide global linkage among carriers. Sabre Airline Solutions provided software applications and services for the airline industry. IBM Global services managed mainframes and provided systems and asset management in addition to standard technical and recovery services. Data Center operations were outsourced to Australia for cheap real estate rates. Desktop maintenance and management was outsourced to IBM. However, company chose to not outsource maintenance of legacy applications until 2010. Systems Delivery was handled by Cathay to maintain carrier’s applications. IT planning an architecture work remained with Cathay to act as middlemen between suppliers and Cathay employees. It also kept on management of outport workstations with Cathay as it would not improve service level or reduce cost to outsource this.

2. Smartsourcing was used by Cathay Pacific to outsource their networks to SITA, Data Center to IBM and IT applications to Sabre Sirline Solutions. Cathay used this streamlined approach to fulfill outsourcing IT needs such

that company's expansion led to continuous changes in its IT needs. It took place on two fronts, infrastructure and airline applications (planning, revenue management, flight operations, reservations hosting, inventory management and departure control).

Cathay created arrangements with two vendors assuring them preferential consideration that did not take advantage of what competition can offer. Cathay made it clear that two vendors were not exclusive suppliers, but internal IM mechanics ensured that both vendors were getting preferential consideration that is not helping Cathay to get preferential consideration. Cathay ended up with preferential relationship where other vendors had no reason to provide pricing by which Cathay could compare IBM's price.

Additionally, IBM absorbed all of Cathay's legacy data center employees which meant that the airline was even further locked in with IBM.