

# Information systems critical thinking sample

[Business](#), [Company](#)



- Identify and explain three key reasons why organizations outsource their IT resources and services.
- Cost reduction and cost savings: the growing competition in vendor markets has resulted in competitive pricing in IT services (Kotlarsky, Willcocks, and Oshri 80). For purposes of reducing IT cost, high levels of standardization are required to be achieved. According to Schniederjans and Schniederjans (24), outsourcing reduces the cost of running an IT department. Moreover, the organization may lack the resources to run an IT department and the best and most cost effective option is to outsource the services.
- IT outsourcing allows the organization to focus on its main goals and reduce risks. The company develops and concentrates company resources towards growth of the company. Capital funds can be directed to products that the company produces for the customers. In addition, human resources that were focused on IT services can be directed to productive use in the organization. Additionally, IT outsourcing allows the client organization to multi-source, which tends to reduce the risk of dealing with one outsource service provider. Further, the availability of multiple outsource providers increases competitive pricing thus the organization can be able to acquire quality services at affordable prices (Schniederjans and Schniederjans 22). Furthermore, professional outsourcing IT providers have multiple clients hence need to stay updated on the industry's best practices. Thus, this helps to reduce the risk of the organization implementing an erroneous decision.
- Use of professional skills: Outsourcing of the IT services to other organizations or businesses with the technical equipment and skills allows

the company to have a broad base of expertise. This enhances originality in terms of software development, which can be customized for the running of the organization (Schniederjans and Schniederjans 24).

- Identify 4 problems with IT outsourcing in general.

- Non-committal attitude of IT service provider: IT service providers may portray irresponsible behavior in terms of fulfilling the client's or organizations requirements (Gorla and Lau 92). The IT outsourcing providers may fail to provide or address the exact IT requirement of the organization.

- Outsourcing also results to the loss in critical skills and core competencies (Abu-Musa 23). The continued outsourcing of IT services makes employees of the organization to lose understanding of the outsourced services. Most of the knowledge in IT outsourcing remains with the outsourcing provider and the transfer of such knowledge is not possible as it may include cost implications. The lack of such knowledge may introduce challenges in technical and managerial areas of the organization.

- Qualifications may introduce certain risks. When outsourcing, qualifications of technical knowledge of the IT specialist are normally transferred from the client side to the service provider's side. The outsourcing organization may become supported by the same expertise that was in the client's organization. This then implies that there is no growth in terms of expertise. Therefore, the vendor is more inclined to reduce the staff, which tends to reduce the overall expertise. When the organization loses the technical expertise, it becomes dependent on the IT vendor.

- IT vendor incompetence: According to Gorla and Lau (92), IT outsourcing requires the vendor to have high technical skills. Consequently, the lack of

technical skills on the vendor's side may contribute to the vendor being not able to meet functional requirements of clients IT needs. This results to poor products.

- How can an organization use the " Position in the strategic grid frameworks", to analyze IT outsourcing decision?

IT activities in different organizations have different extent of use. IT may form a critical function in the operations of an organization while in some it may play only a supportive role. The strategic grid provides four IT environments, which include strategic, turnaround, factory, and support cells (Raghunathan, Raghunathan, and Qiang 345). Organizations in the strategic environment have operations critically dependent on the smooth functioning of the IT resource. Therefore, the organization needs to seek IT outsourcing providers that offer the best practices in the industry. Additionally, while outsourcing their IT services, the organization needs to ensure that the vendor will be able to attain the organization's strategic objectives. More resources need to be channeled in the IT outsourcing in such a scenario. In certain cases, the organization may prefer not outsourcing if the IT function is critical to the attainment of the organizational objectives. This is the case in a factory environment. The day-to-day IT operations support the organization and the disruption in service would translate to severe consequences. For turnaround and support environments where the IT operations are not critical to the running of the organization outsourcing is recommended for cost efficiency purposes (Raghunathan, Raghunathan, and Qiang 346). IT as a supporting role in an organization removes the need to outsource as the activities can be accomplished in-house.

- Explain the difference between outsourcing and contracting?

In contracting, the client retains the ownership of and the responsibility for the services subject to the agreement (Axerold 3). In addition, the client specifies the activities to be done by the service provider and procedure to do the activities. On the other hand, in outsourcing the service provider determines the approach to take to achieve the requirements of the service. According to Tho (10), in outsourcing the responsibilities are shifted away from the client to the supplier. Another difference is the extent of supervision. In contracting, there is a considerable level of supervision and management (Tho 10). In the case of outsourcing, the service provider services are based on set performance metrics, which depend on set outcomes rather than supervision (Tho 10). Another difference is in the resource use. In contracting, resources are provided by the client while in outsourcing the resources are provided by the service provider.

- Right shoring

Right shoring refers to the restructuring of an organization's workforce to establish a perfect mix of jobs that can be transferred to foreign countries or used locally (Lundby and Jolton). Consequently, right shoring can be thought to include both offshoring and on-shoring. The processes that outsourced in right shoring do not form critical processes of the organization and are usually simple processes.

Organizations can handle the difficult processes and key requirements, which allows them to have better control of their business and have better customer relationships (Lundby and Jolton). The main idea in implementing right shoring goes beyond cost. It is normally done to achieve balance in the

operation of the organization. Right shoring can be applied in organizations, which seek to prevent delays emanating from supply chain disruptions.

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