

It601-0903b-07
information
technology in
business
management - phase
1 discussion...



1. Should FYC outsource more? Should FYC outsource offshore or nearshore? If yes, why and what kind of applications and infrastructure? If no, why not?

Solution:

Outsourcing a business is one of the best and most feasible ways of improving and expanding a business. Hence if the FYC intends on increasing the size of online operations, then the company should definitely consider outsourcing a few of their functions. Furthermore if the company aims at changing the organisational structure then the company would be more benefited if it outsourced a few of its processes. FYC can outsource within the United States, the hosting of its websites, and the call centre of the company can be held within its own operations. This will help them handle the traffics of the calls which would see a definite growth with the online business. Also the other functions of the company like the Human resources and pays department can also be outsourced and this will help the company improve and concentrate in the online sales to improve the online business.

Yes, it would be very beneficial for FYC to outsource near its distribution centre for the starting phase. This will be helpful as the company needs to maintain communication with the customers which will allow the company to understand the needs of the customers as well as for the customers to get to know the company better as well. The company will however be able to gain complete cost benefits only by outsourcing offshore (Brown & Wilson, 2005). The possibility of this however is only once the company is able to restructure the organisational tree and the company is able to coordinate the functions with the assistance of the local call centres. However the company can also benefit from the local outsourcing and this is mainly only possible if <https://assignbuster.com/it601-0903b-07-information-technology-in-business-management-phase-1-discussion-board-2/>

the company details its internal restructuring and also develops its online business and increases while other processes are outsourced, like mentioned earlier. FYC will also gain as it will gain newer customers from the online portal and will mostly be from high class and best companies using the state of the art technology.

2. What are the key pros and cons of outsourcing?

Solution:

The benefits of outsourcing are (Click & Duening, 2004):

- a) Reduced risks of breakdown of facilities,
- b) Experts can look into the outsourced work,
- c) The retail activities can be improved by the departments,
- d) Higher possible competition with the online traders,
- e) The costs are reduced to a great extent once the processes are outsourced offshore,
- f) Newer and more effective styles to improve customer satisfaction is possible,
- g) The retail trade can grow at much higher rates and speeds,
- h) There is no need to invest in costly computers and networking equipment and,
- i) International outsourcing gives access to world class facilities.

There are a number of limitations of outsourcing as well. These are as listed below:

- a) Threat to the security of the company and data,
 - b) Legal expenses for the contracts and enforcing of the contracts is high,
 - c) There are also high chances of loss of confidentiality when the information which is company specific is passed on to the outside company,
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- d) Lesser flexibility available for the company as the outsource will change the business conditions to a great extent,
- e) The customer – company contact is lost as there is an intermediate involved as well,
- f) There is a high chance for the internal employee growth to come to standstill and higher levels of dissatisfaction and de motivation among the internal teams
- g) It is difficult to manage an outsourced business and,
- h) Contractual differences and misunderstandings are possible which could create a number of issues and disruptions in the operations of the company (Kennedy & Sharma, 2009).

References:

- Brown, D., & Wilson, S., 2005, ' The Black Book of Outsourcing: How to Manage the Changes, Challenges, and Opportunities', 1st edition, 2nd May 2005, Wiley Publications
- Click, R. L., & Duening, T. N., 2004, ' Business Process Outsourcing: The Competitive Advantage', 1st Edition, 18th October 2004, Wiley Publications
- Kennedy, R. E & Sharma, A., 2009, ' The Services Shift: Seizing the Ultimate Offshore Opportunity', 1st Edition, 19th January 2009, FT Press Publications