A Multisourcing Maturity Model as an IT Governance Mechanism for Business Groups

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ABSTRACT
Implementing multisourcing in business groups is challenging, and linear-extension of dyadic information technology (IT) outsourcing literature is insufficient to cope with multisourcing specifics. By pursuing design science research (DSR) as the research orientation and utilizing expert interviews, action research and case studies as individual research methods, the authors propose a multisourcing maturity model as an IT governance mechanism. This article contributes in four areas: first, it derives requirements for IT governance mechanisms intended to support the implementation of multisourcing in business groups; second, it identifies the research gap by analyzing current concepts; third, it develops a maturity model; and fourth, it demonstrates the application of the model with two real-life case examples of leading financial services providers. Moreover, the maturity model provides practical guidance for coping with the challenges of implementing multisourcing by identifying the required capabilities, illustrates a desired evolution path to effectively and efficiently utilize multisourcing, and can be employed for steering multisourcing in business groups.

Keywords: Business Group, Design Science Research (DSR), IT Governance Mechanism, Maturity Model, Multisourcing

INTRODUCTION
In the past 20 years, information technology (IT) outsourcing has been a prominent topic in both scholarly and practitioner-related literature. In this field, multisourcing has recently been identified as an emergent sourcing approach which many large corporations are adopting.

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Multisourcing is defined as the blending of services from multiple company-internal (such as captive offshore centers) and company-external suppliers in the pursuit of business goals (Cohen & Young, 2006).

Dibbern et al. (2004) identify five major issues of IT outsourcing: (1) why to outsource, (2) what to outsource, (3) which decision process to take, (4) how to implement the sourcing decision, and (5) what is the outcome of the sourcing decision. While the first three questions have been addressed intensively by researchers in the past, the implementation process and the sourcing decision outcome require further research. Especially performance management and governance-related aspects in the context of IT sourcing decisions have been scarcely covered despite their high relevance (Busi & McIvor, 2008; Clark, Zmud, & McCray, 1995; Davis, 1996; Dibbern et al., 2004; Gottschalk & Solli-Sæther, 2005; Klepper, 1995; McFarlan & Nolan, 1995; Weimer & Seuring, 2009; Willcocks & Choi, 1995) and the extensive research that has been accomplished on IT governance in general (e.g., De Haes & Van Grembergen, 2009; Henderson & Venkatraman, 1993; Sambamurthy & Zmud, 1999; Weill & Ross, 2004). Within the fourth area defined by Dibbern et al. (2004), the major part of IT outsourcing studies deal with dyadic relationships and only little experience-based research has been applied to investigate IT governance mechanisms utilized by business groups. In this context, Bapna et al. (2010, p. 794) stress that “linear extensions of dyadic client-vendor IT outsourcing relationships are insufficient to capture the nuances of the multisourced environment”.

With this research study we intend to increase the understanding of how IT governance mechanisms support the implementation of multisourcing in business groups. Therefore, we have defined three research questions:

- **[RQ. 1]** What are the requirements that an IT governance mechanism needs to fulfill when supporting the implementation of multisourcing in business groups?
- **[RQ. 2]** Does the existing literature cover these requirements?
- **[RQ. 3]** If not, what could an IT governance mechanism look like?

To answer these questions, we follow the design science research (DSR) paradigm (Hevner, March, Park, & Ram, 2004; March & Smith, 1995) as overall research orientation and utilize selected research methods – such as expert interviews, action research, and case study research.

This article aims to contribute to research on IT outsourcing and IT governance in several ways. First, it identifies requirements for an IT governance mechanism which is intended to support the implementation of multisourcing in business groups; second, it analyzes and evaluates established concepts; third, it suggests a maturity model as an IT governance mechanism supporting the implementation of multisourcing at business groups; and fourth, it demonstrates the maturity model with two real-life case examples. Besides the theoretical contribution, this research is also expected to help business groups facing similar challenges in implementing multisourcing.

The remainder of this article consists of five sections. The second section provides an overview of fundamental terms and related research. The next section outlines the research method. Then we describe the derivation of the maturity model, which is then demonstrated and evaluated in the next section using two case examples before we conclude in the last section.

**BACKGROUND**

For a field of research it is important to share a common understanding of basic terms. For this reason, key terms should be defined (Zorn & Campbell, 2006). Based on a literature review, we provide an introduction to multisourcing in business groups and give an overview of IT governance mechanisms.
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