Chapter 8
MIS Infrastructure to Support Business Process and Operations Outsourcing

ABSTRACT
This chapter deals with Management Information System infrastructures and how they can be organised to better support business process and operations outsourcing. The author examines the outsourcing potential for development in the area of Management Information Systems, and continues presenting a truly innovative platform that has been developed, the PANDA platform, which makes use of a sophisticated mechanism to deal with reputation matters within multi-vendor establishments. More specifically, the PANDA system is a B2B Web platform targeting to serve e-collaborations among IT service providers in a cost-efficient way (i.e. of component-based enterprise software solutions). It aims at (intelligently) automating collaborations among an international open community of IT companies and IT service providers that support various vendors’ solutions of enterprise software.

INTRODUCTION
To touch the issue of outsourcing in the midst of an economic and social values crisis is not easy at all. Next to all the advantages that outsourcing brings with, there are serious anti-outsourcing considerations, mainly at the political level.

First of all, globalization which for a certain school of (leftist?) thought seems to have negatively impacted the world. This may seem as highly conservative doctrine, but at a great extent workers in smaller countries feel that they have been exploited by the growth of outsourcing in the global economy. Furthermore, outsourcing has created concerns regarding social justice and the fair treatment of workers.

Another aspect deals with the issue of economic growth as such: the outsourcing of jobs has destroyed local economies. As low wage workers attract jobs away from prominent local industries, workers within these industries are left without their jobs. Towns that rely upon these
industries are therefore permanently crippled as their economy is suffocating.

Last but not least, unemployment within outsourced sectors becomes rampant, providing a negative effect on local workers who relied upon these industries for employment. Jobs may be reallocated but not immediately. As jobs are lost new jobs are not made immediately accessible.

Technology can not necessarily solve all people’s problems but can at a great extent improve people’s lives. In the following paragraphs of this chapter we shall look at the inside of a Web based application, namely the PANDA system, to support management of distributed business processes for organising ventures of collaborating companies to respond to market needs and customer requirements.

In general there is no easy way to provide a safe estimation on what percentage of this specific part of the ICT market is subcontracted. There are however some good indications that can be applied to further analyse the market. An earlier study conducted on behalf of the European Commission Enterprise Directorate General e-Business (September 2005) on ‘ICT and Electronic Business in the IT Services Sector: ICT adoption and e-business activity in 2005’ discloses indicative figures on IT services outsourcing in the IT market.

This study, as shown in the table above, reports that 61% of (EU-7) IT companies outsource IT services, mostly within their national borders. The same study suggests that the biggest part of the reported outsourcing services is allocated to Web-hosting and data storage services (shown in the Figure below). A large percentage (26%) however is related to Software Development. Software developing companies do outsource software development to other companies. The study claims two major reasons: Firstly, by outsourcing IT services, companies can overcome staff shortages, especially during peak times in a project. Secondly, many IT services companies position themselves as full-service suppliers or are offering fully integrated solutions, but neither have the necessary human resources nor the expertise to do all the relevant work with their own staff. By outsourcing software development jobs to other suppliers, they can concentrate on their core capabilities and buy everything else from the market.

8.1. OUTSOURCING POTENTIAL FOR DEVELOPMENT

According to the Centre for the promotion of imports from Developing Countries, one of the most important trends in Europe is nearsourcing. Many European companies start choosing this option because of the geographical and cultural advantage and the good quality nearshore companies deliver.

Nearshore countries with potential as offshoring destinations are: the Czech Republic, Hungary, Poland, Slovakia, Russia, Bulgaria, the Baltic States, Egypt, Morocco and South Africa.

Although these destinations might be more expensive than certain Asian countries, this is not
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