Case study

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2021 – Semester 2

Lecture 11

GlobShop

- Global travel-retail company

- $5 billion business

- 200 duty-free and general merchandise shops in airports, hotel lobbies in Asia, Australia, North America and Europe

- Cost savings and reduction due to 9/11

GlobShop

- IT was highly decentralised

(multiple versions of the same application)

- Each region had its own data centre

- Different applications that did the same – e.g. two different point of sales

GlobShop

- Choose what to outsource, which vendor

- What type of sourcing arrangement, managing vendor

  relationship, change management issues

GlobShop

Who to outsource to?

- Canada (nearshoring)

- Eastern Europe (unstable)

- China

- India (mature segment with many players- tier 1)

GlobShop

Outsource to ISS (Indian vendor),

- Medium sized, yet growing (not tier-1)

- Valued client, not one of many

- Hybrid offshore- presence both in India and USA

GlobShop - ISS

- Master Service level agreements for 3 Service Level agreements (SLA)

- Different staffing models, rate structures and service level for each SLA.

- Consolidation, maintenance and ongoing support for core merchandising systems, incl support for ERP modules, point of sale systems, intranet dev and CMS

RELATIONSHIPS

GlobShop- Internal employees

• Redundancies, but needed knowledge transfer

• Phased redundancies- > uncertainty

• Increased bonuses for staying

• Helped employees with job search

RELATIONSHIPS

GlobShop- ISS employees

- Tight partnership to ensure value add

- Created teams- Communities of Practice (COP)

- Different entities with specific focus of expertise (Business, IT and offshore vendor)

- Viewed as internal colleagues

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Near the end of 3 year contract….

- Should outsource more?

- Renew contract?

- ISS had grown, had several Fortune 1000 companies

- Transfer of contacts, account managers, star employees to more prestigious clients

- Too risky to be reliant on one company

- Any internal IT dept.

Ranganathan, C.; Krishnan, P & Glickman, R. (2007). Crafting and executing an offshore IT sourcing strategy: GlobShop's experience. Teaching Case. Journal of Information Technology volume 22, pages440–450.