Organizational Theory and Decision Making

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Strategic Outsourcing at Bharti Airtel Limited

Barthi Airtel Limited is a leading Indian telecommunications services company based in Delhi, India. It provides mobile services, fixed line broadband and voice services. The case study describes a situation in which the joint managing director of the company (Akhil Gupta) proposes a two-pronged outsourcing structure with Barthi's vendors. The idea is to hand over the responsibility for the buildup, maintenance and servicing of the telecom network to equipment vendors (Nokia, Siemens, Ericsson) and to outsource the buildup, maintenance and servicing of the IT structure to an IT vendor (IBM). The proposal is very ambitious and meets resistance from both people inside the company and the targeted vendors. The task is to evaluate the proposal through the lens of the theories discussed in the course and to provide advice on the future strategy of the company.

1. Formats and Rules

Presentation
- Duration: max. 15 minutes
- Speakers: at least two persons need to present
- Language: English
- Font size (slides): at least 20 point font
- File format: Power-Point or pdf

Due date:
Each group needs to upload their material on Moodle the day before the presentation date (Thursday, October 29) at 6pm.

2. Content

a) The business model of the past

Traditionally, Barthi worked with several telecom equipment vendors and used to change suppliers on a regular basis when the services offered turned out to be unsatisfactory.

    i. What are the advantages / benefits of such a flexible system? What are potential downsides?
    ii. Over time the traditional business model of Barthi started to create problems. According to your analysis, where do these problems come from and could Barthi have done something to avoid or at least reduce the emergence of those problems?

Barthi also used a number of different partners in the IT domain (for business-support software, hardware architectures and customer management systems).
    i. How would you evaluate Barthi's traditional way of dealing with their IT requirements? Where do you see advantages in their strategy? Where do you see dangers?

ii.   One of the challenges that Barthi starts to face towards the end of the case study is fragmentation and dysfunctionality on the IT side. What could the management have done to avoid these issues?

b) The outsourcing proposal

Akhil Gupta proposes to hand over the responsibility for the buildup, maintenance and servicing of the telecom network to equipment vendors (Nokia, Siemens, Ericsson) and to outsource the buildup, maintenance and servicing of the IT structure to an IT vendor (IBM).

i.   Using the theories discussed in the course (TCE, PRA and CARP) how do you evaluate Gupta's proposal? What are the potential benefits and dangers?
ii.   According to your analysis, where does the internal resistance come from? Are the concerns justified?
iii.   And what about the external resistance from the vendors? Do they have valid arguments against the strategy?

c) Future strategy

Building on your analysis of the situation, what would you recommend to the company?
i.   Would you propose to go on with the strategy proposed by Gupta?
ii.   If yes, what should be the next steps? What should Gupta do to overcome the resistance that he faces both on the internal and the external side? What would you modify about the strategy? Why?
iii.   If no, what alternative would you propose? What would your strategy include as the important next steps? Why would your strategy yield better results than what Gupta proposed?

3. Groups in charge of grading

You will attend the presentations. Please be prepared to send us on the evening of the presentation date via Moodle:

i. Three things you liked about the presentation
ii. Three things you did not like about the presentation
iii. Three things that you did not agree with regarding the managerial recommendations and what you would have done differently

Make sure you do not repeat the same argument in different sections because we will only count it once!