

Information and Knowledge Management (IN2105)

CASE GlobalSports

Group 60:

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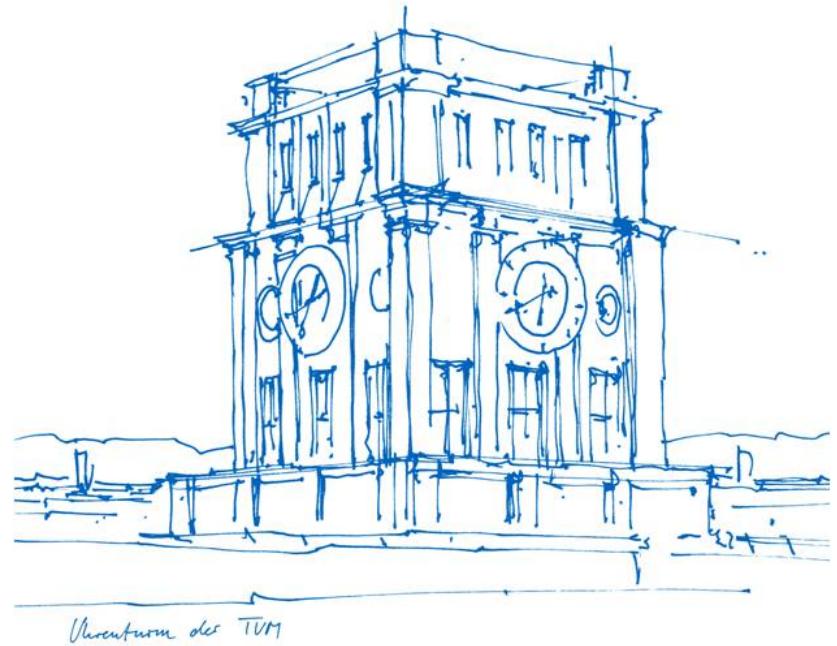
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München, 22 January 2021



The Team



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Agenda

- 1 Forced coopetition and its effects on IT sourcing, controlling and governance
- 2 The Case of GlobalSports
- 3 Control Mechanisms in GlobalSports' IT Multisourcing Strategy
- 4 Introduction to COBIT 2019
- 5 How GlobalSports can implement a holistic approach of IT Governance with COBIT

Forced coopetition

- “The client determines vendor responsibilities”
- Client acts as the invisible hand
- “Vendor cooperation is not a strategic intent on the vendor’s part”



Result: Vendor competition and cooperation is induced by an external actor

Effects on IT sourcing

Effects

	Traditional View	IT multi sourcing ("Coopetition")
Competition	Market as 'invisible hand'	Clients define and shape marketplace as 'visible hand'
Cooperation	For strategic reasons	To fulfill customer needs

Effects on IT controlling and governance

Effects

Governance

- **High competition** between the vendors
- (Cooperative) relationships governed by the company itself

Shift

- The client → external actor outside the competitive environment
- **Interdependence** orchestrated by the client

Controlling

- Often small number of vendors
- Single-sourcing: Control and communication straightforward

Shift

- Level of quality may decrease with rising number of vendors due to communication issues
- New methods of controlling are needed

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The Case of GlobalSports



GlobalSports as a fictitious name for a real athletic footwear and apparel company



15bn € in annual revenues with more than 48,000 employees worldwide, of which around 1000 work in IT

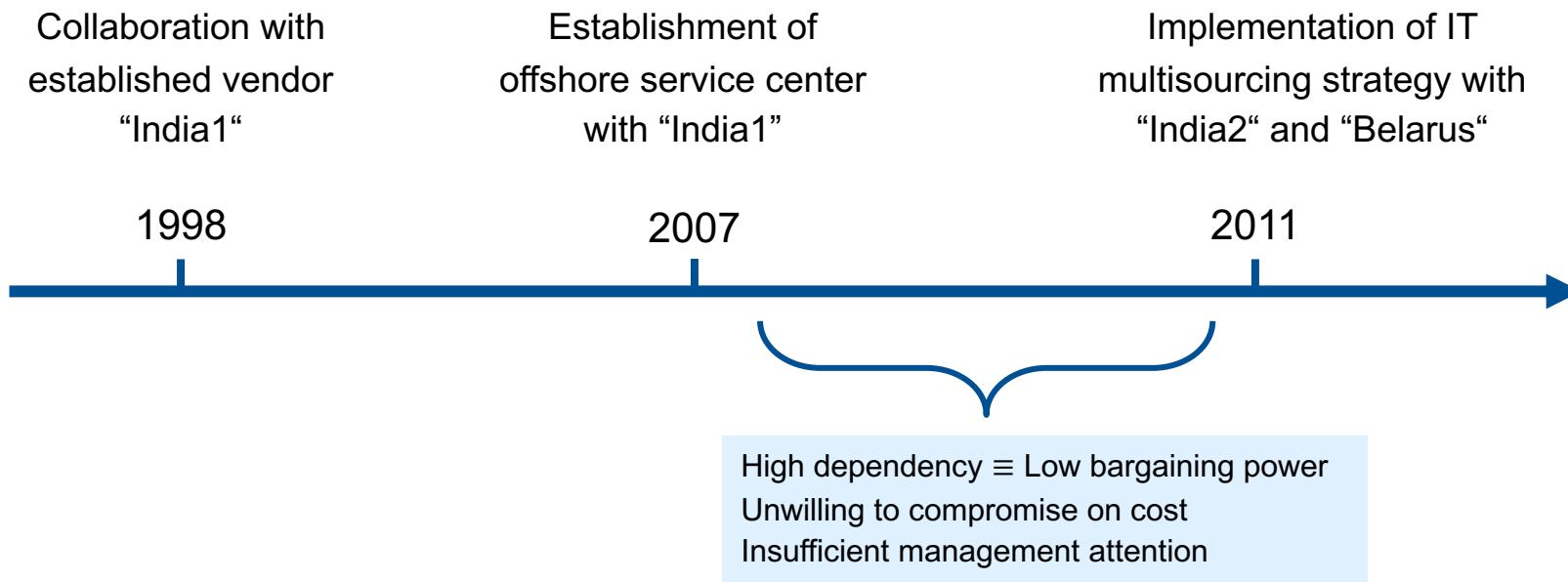


Change in business model to directly engage with end customers via their own stores and e-commerce platform



IT department as strategic enabler of business value

GlobalSports' Timeline



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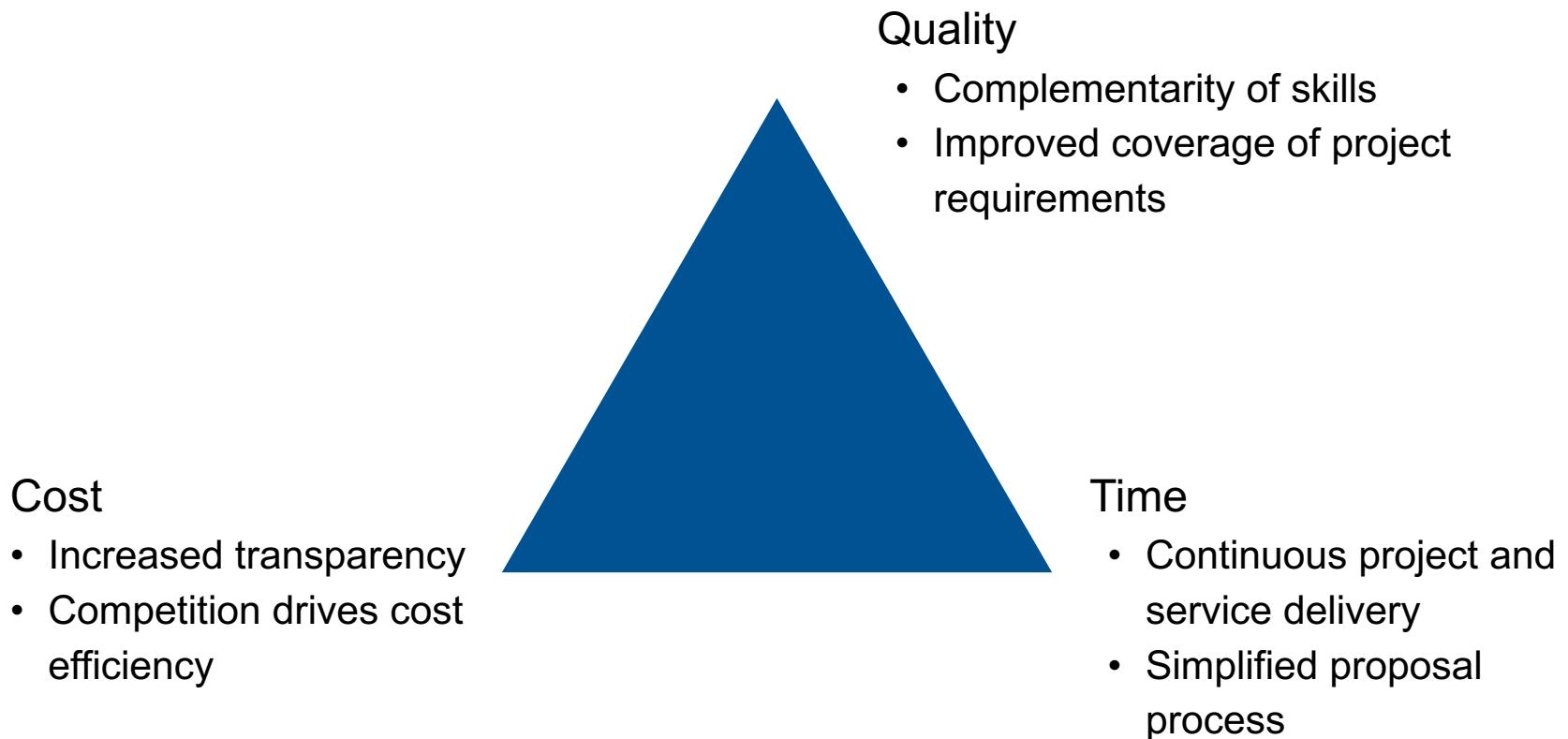
Enforcing Competition

Control Mechanism	Implementation
Balanced mix in vendor selection	<ul style="list-style-type: none">• Finding right equilibrium of vendors• Competition vs. management overhead• Mix in vendor cultures• Overlapping vendor skills
Wide overlap in vendor areas	<ul style="list-style-type: none">• No exclusive assignment to focus areas• Increased vendor dependencies
Direct interaction with vendors	<ul style="list-style-type: none">• Each vendor has its own point of contact at client• Performance is monitored individually
High frequency in vendor bidding	<ul style="list-style-type: none">• Reducing duration and business volume of contracts• Creation of highly dynamic and competitive environment

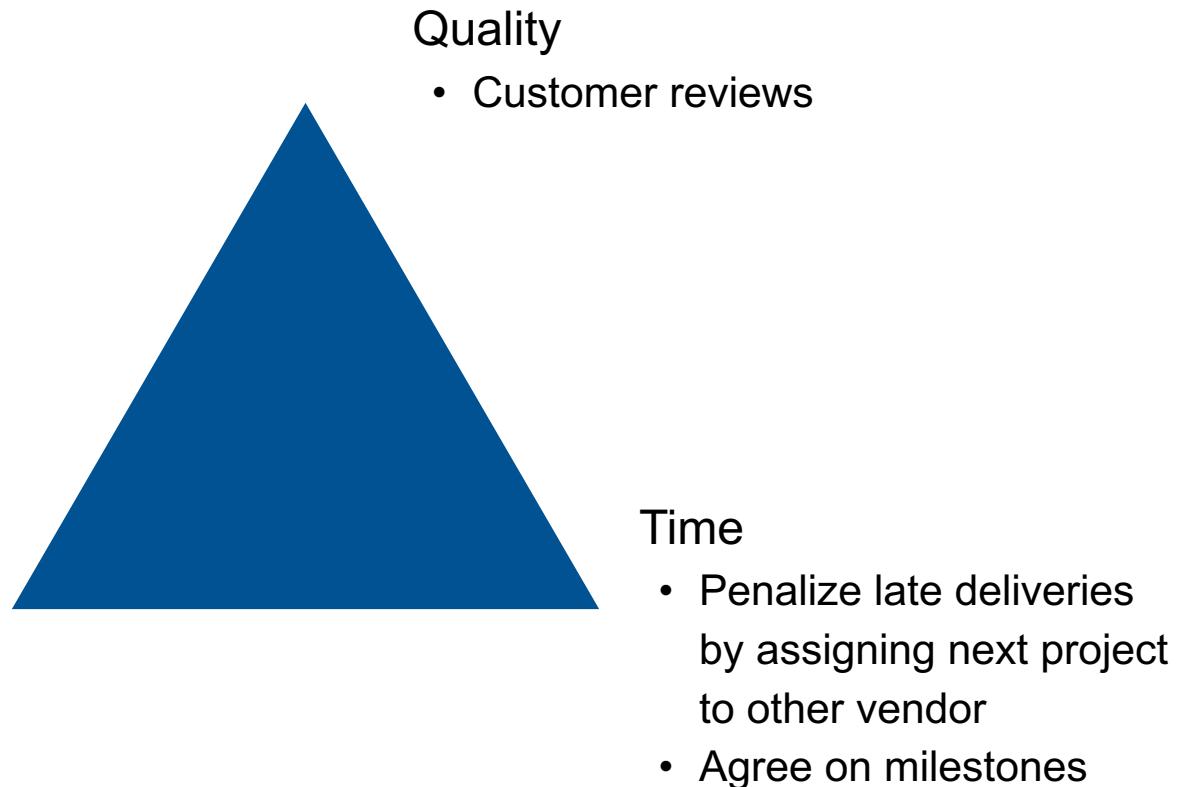
Incentivizing Cooperation

Control Mechanism	Implementation
Wide overlap in vendor areas	<ul style="list-style-type: none">• Assignment of vendors to the same projects• Create opportunities for vendor learning
Forced transitions	<ul style="list-style-type: none">• Make vendors collaborate on project handovers
Long-term vendor partnerships	<ul style="list-style-type: none">• Stress long-term commitment• Increase total size of “offshoring pie“• Assign sufficient business volume to each vendor

IT Project Controlling – Achieved Benefits



IT Project Controlling – Outlook



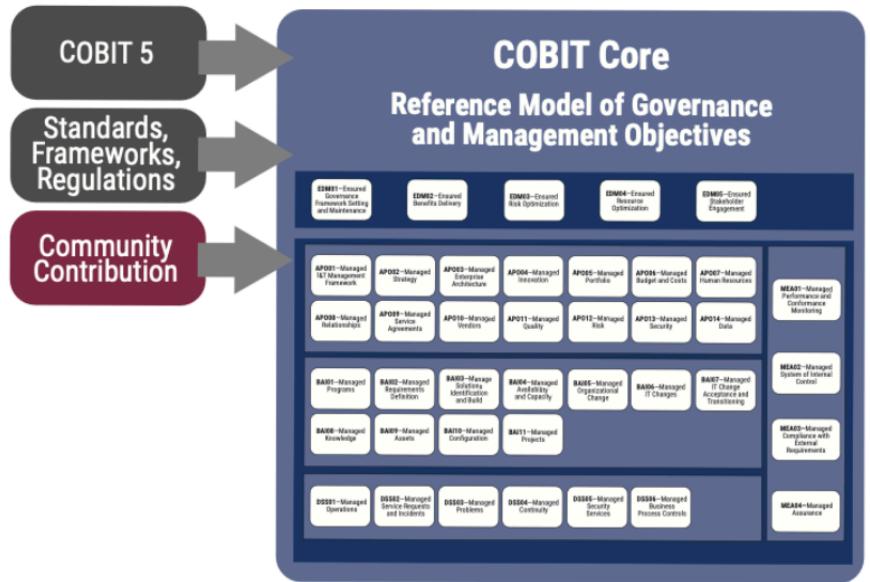
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What is COBIT 2019?

- Internationally recognized IT management framework developed by the ISACA (Information Systems Audit & Control Association Inc.)
- COBIT = Control Objectives for Information and Related Technologies
 - Help businesses develop, organize and implement strategies around information management and governance by dividing IT into processes and objectives
 - Manage risk, optimize resources and create new value
 - Structure for decision making to better understand “how” to decide
 - Ensures a common language between business and IT
- 3 components: core, design factors, focus area
 - COBIT 2019 can be tailored to individual companies

Inputs to COBIT® 2019



COBIT Core Publications

**COBIT® 2019 Framework:
Introduction and Methodology**

**COBIT® 2019 Framework:
Governance and
Management Objectives**

**COBIT® 2019 Design Guide:
Designing an Information and Technology
Governance Solution**

**COBIT® 2019 Implementation Guide:
Implementing and Optimizing an
Information and Technology
Governance Solution**

- Enterprise strategy
- Enterprise goals
- Enterprise size
- Role of IT
- Sourcing model for IT
- Compliance requirements
- Etc.

Design Factors

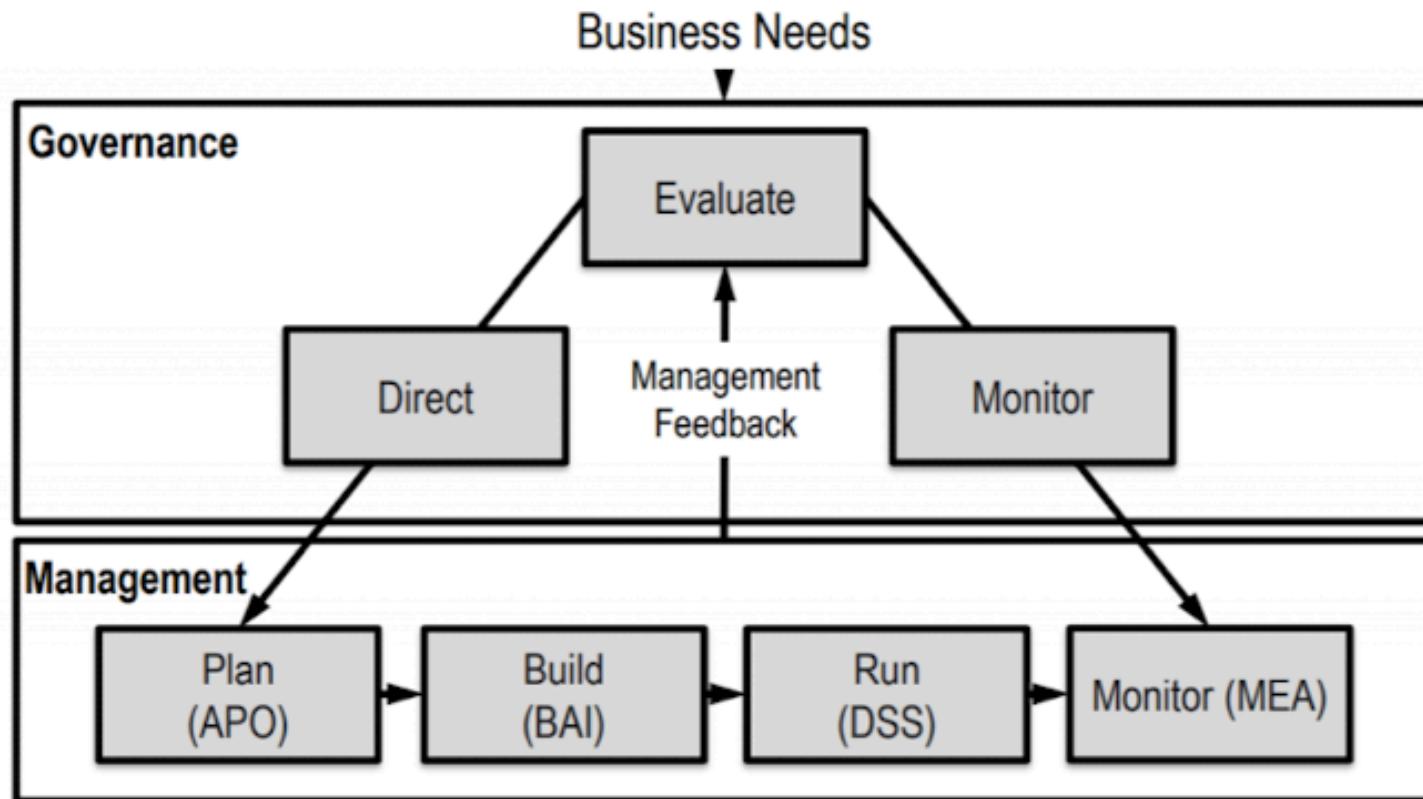


Focus Area

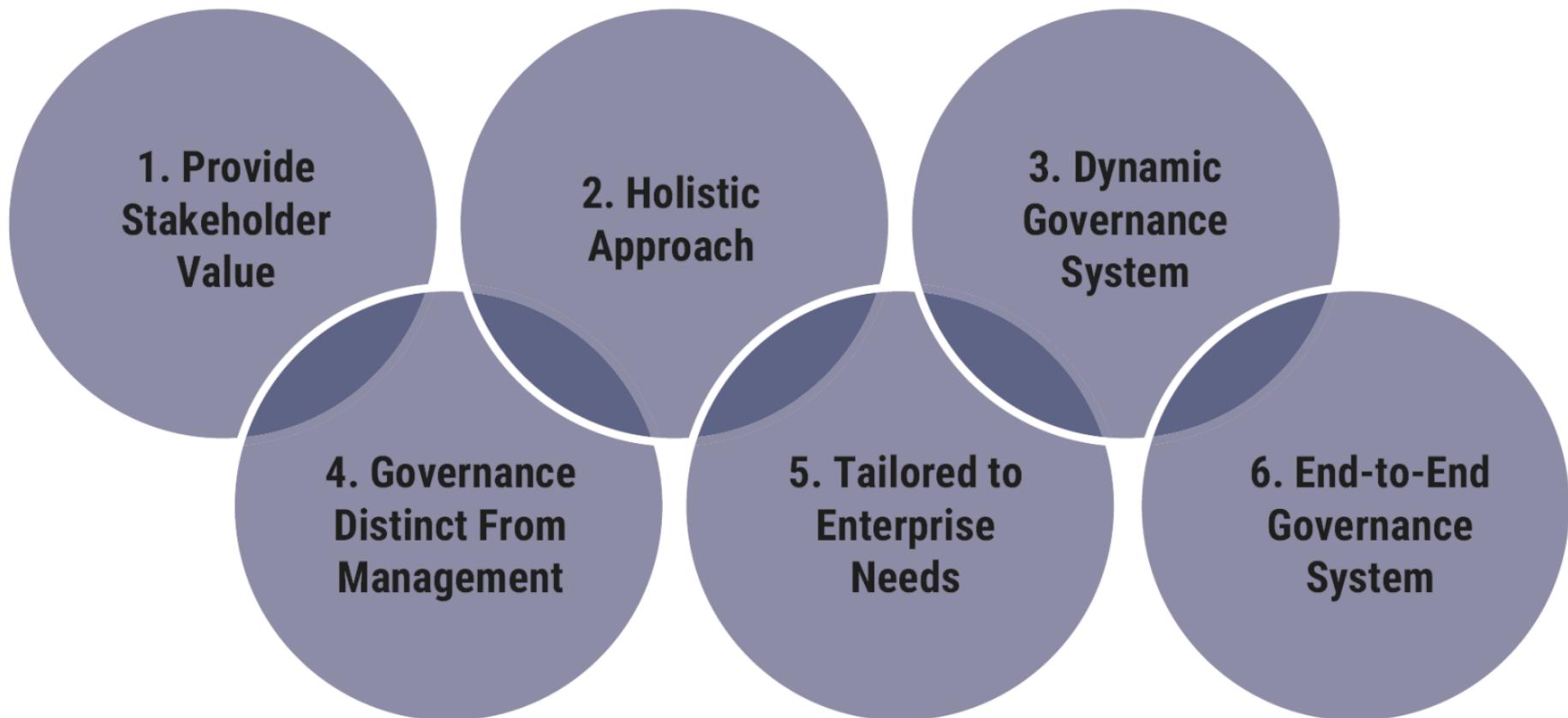
- SME
- Security
- Risk
- DevOps
- Etc.

**Tailored Enterprise
Governance
System for
Information and
Technology**

- Priority governance and management objectives
- Specific guidance from focus areas
- Target capability and performance management guidance



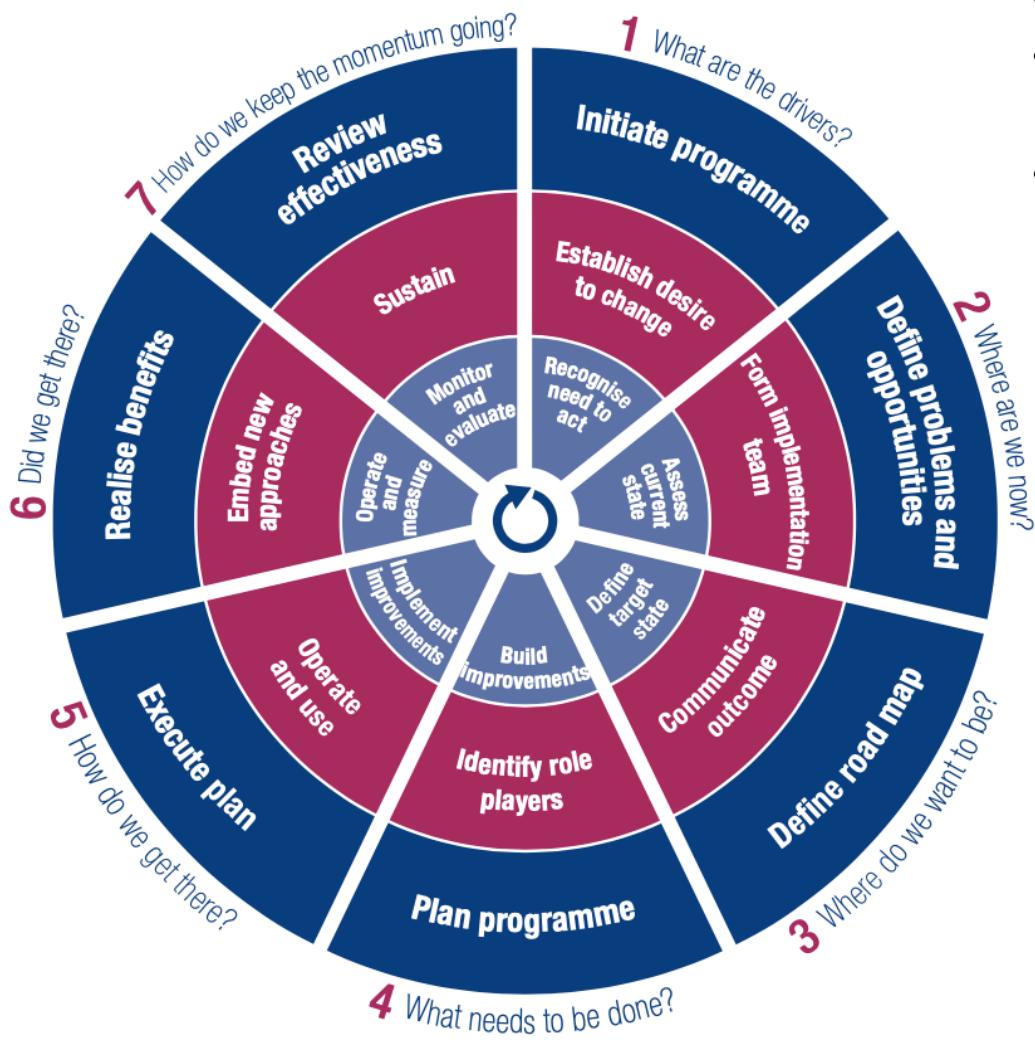
Governance Principles



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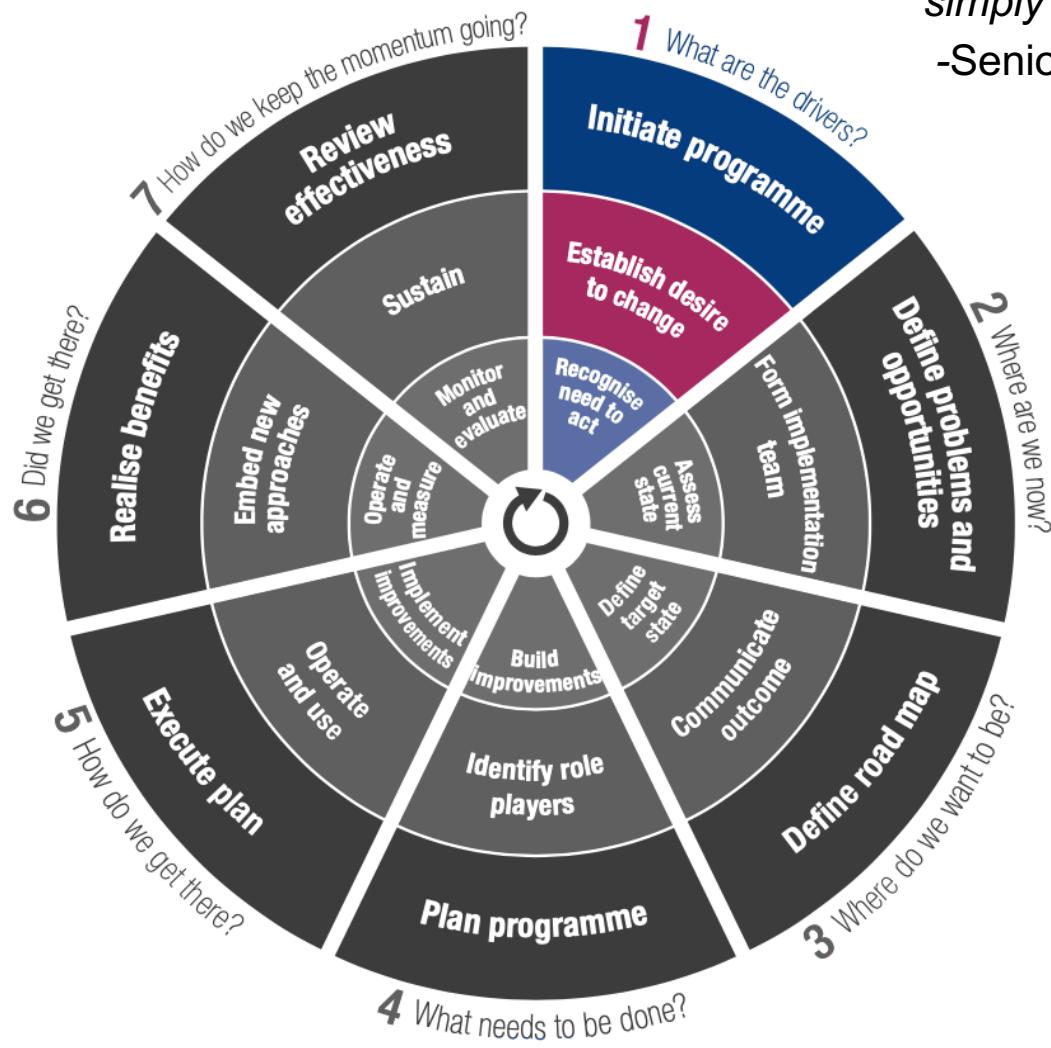
COBIT Life Cycle Implementation



- Reflects the dynamism of governance
- Considers enablers of management change decisions
- Applied to GlobalSports' transition from 1 to 3 outsourcing companies

- **Programme management** (outer ring)
- **Change enablement** (middle ring)
- **Continual improvement life cycle** (inner ring)

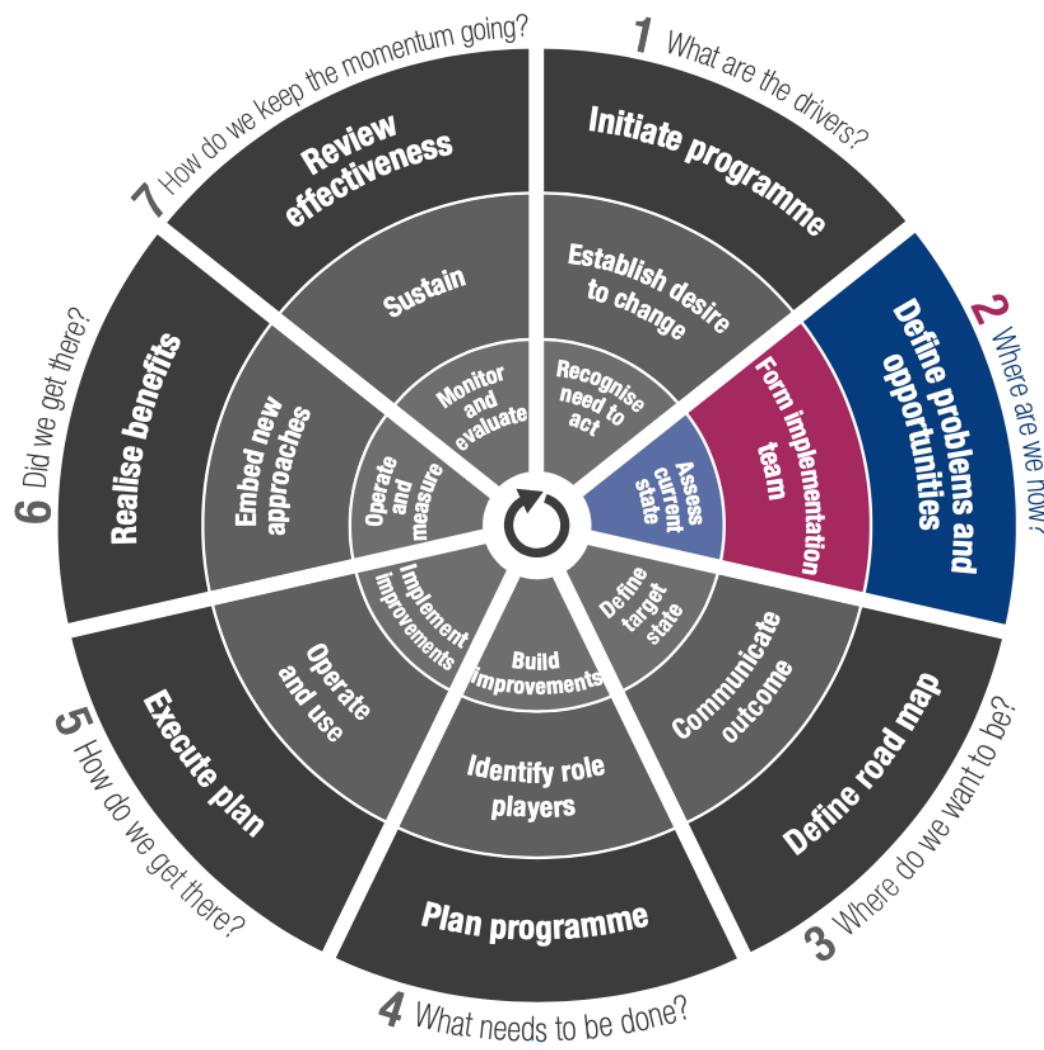
1. Identifying Drivers



"[India1] was becoming very complacent ... They simply refused to negotiate with us on cost"
-Senior Manager, GlobalSports

- Pain point identification
- Triggers change desire on the executive level

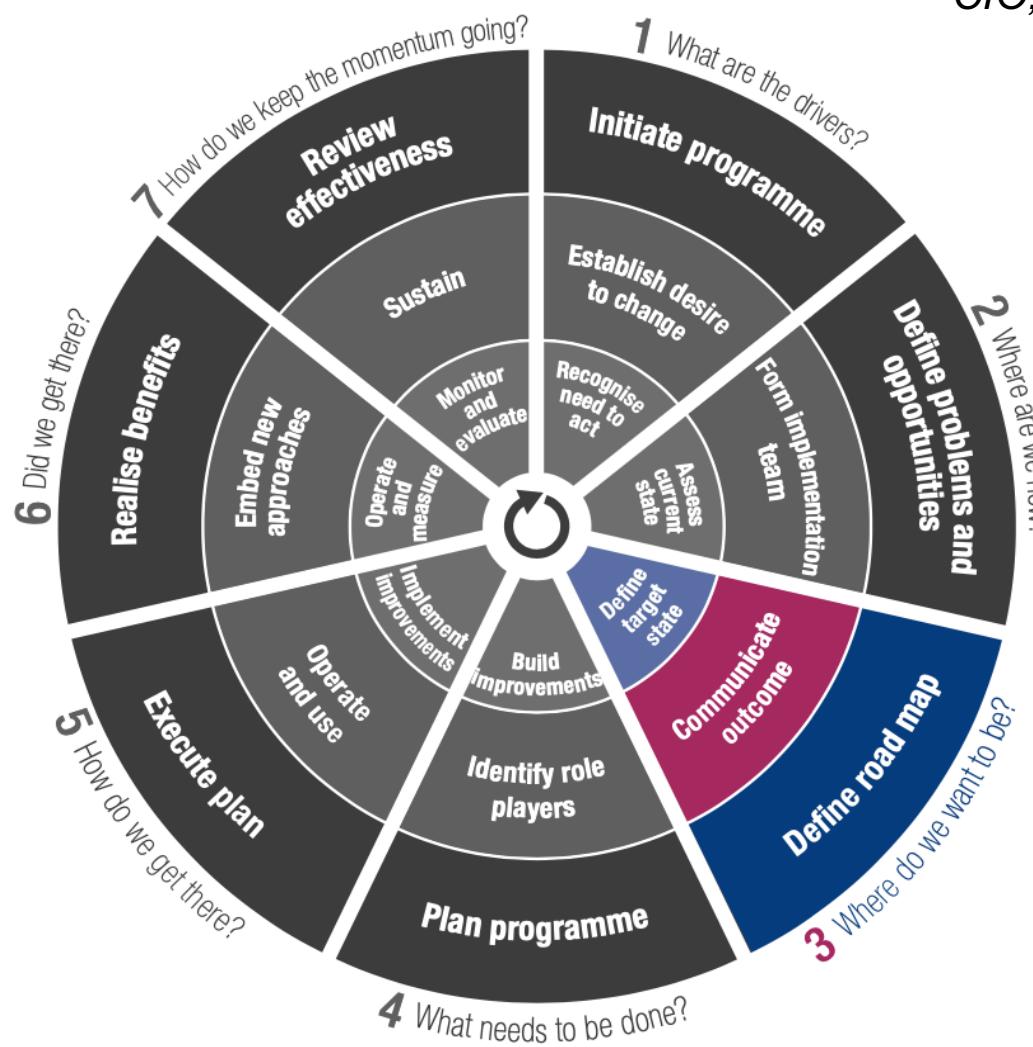
2. Scoping



- Current state assessment to understand the high priority areas
- 2 years study on a complex organizational context
- “Selective coding approach” to concentrate on “Forced Coopetition” and IT multi-sourcing

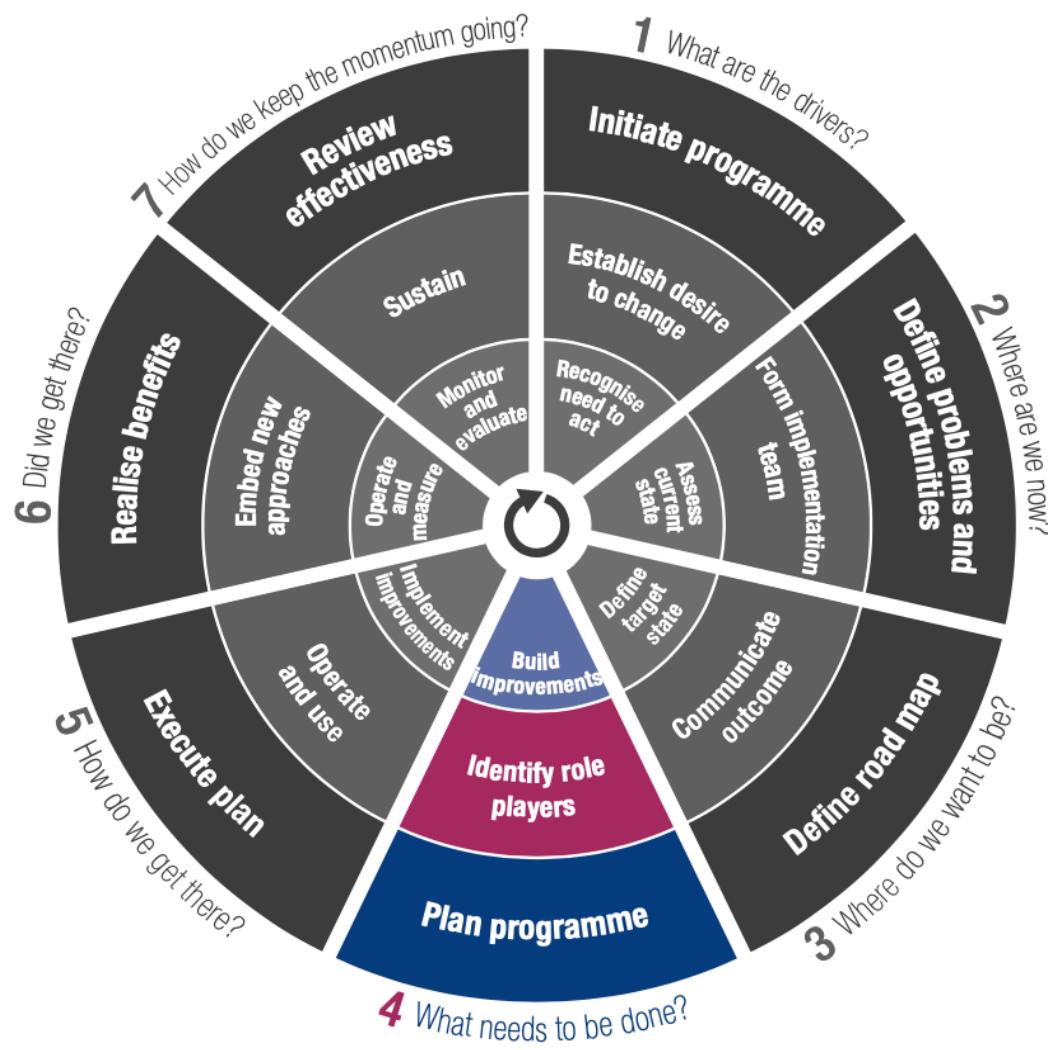
3. Setting Targets

"We want three of them. We want A, B and C"
-CIO, GlobalSports



- Gaps and solutions identification
- Implement IT multi-sourcing to:
 - Increase IT productivity
 - Gain [India1] management attention back

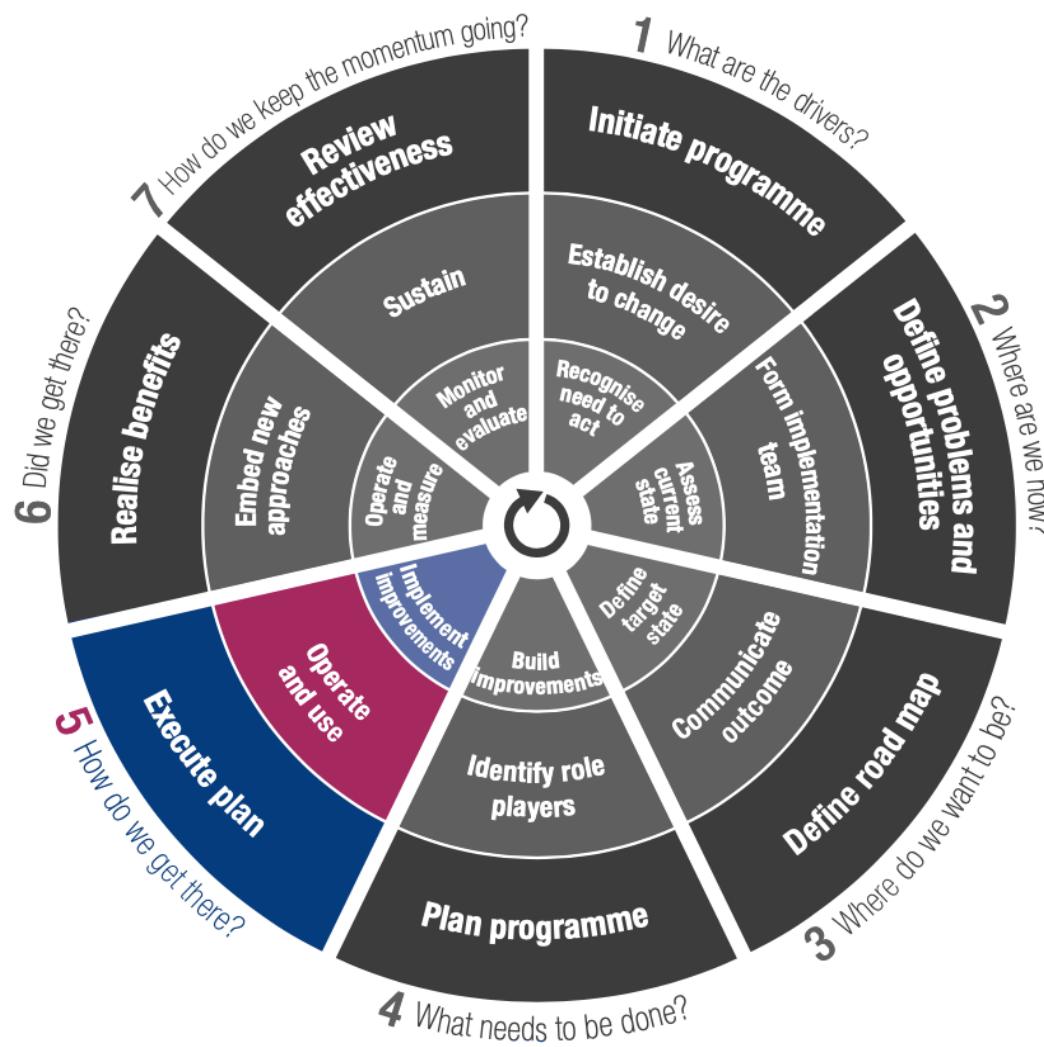
4. Plan Changes



Steps to implement IT multi-sourcing strategy:

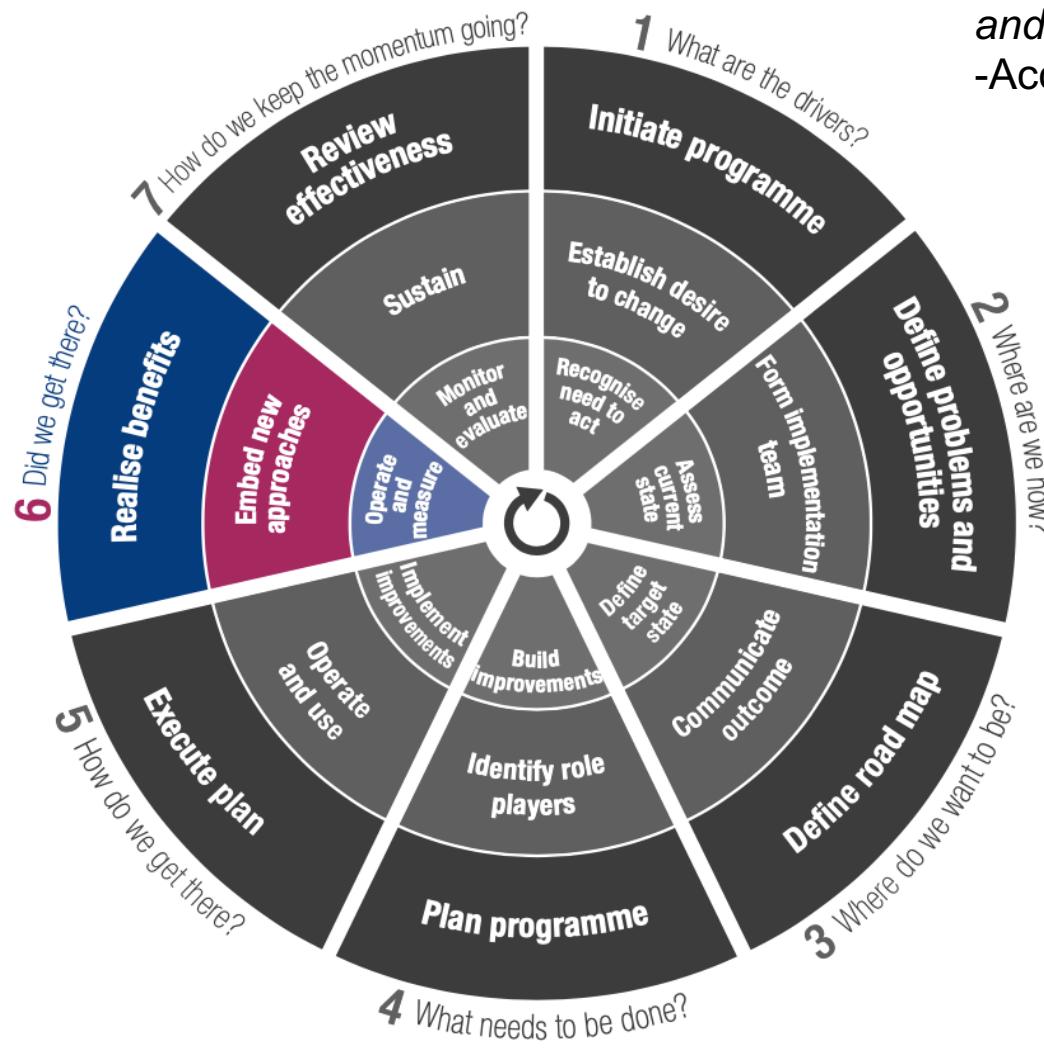
1. Identify desired vendors' characteristics
2. Hiring of market research firm to identify and screen potential vendors

5. Day-to-day implementation



- Narrowing down an initial list of 100 vendors to 6 cases
- Meeting and workshops with client to choose the 2 best fit

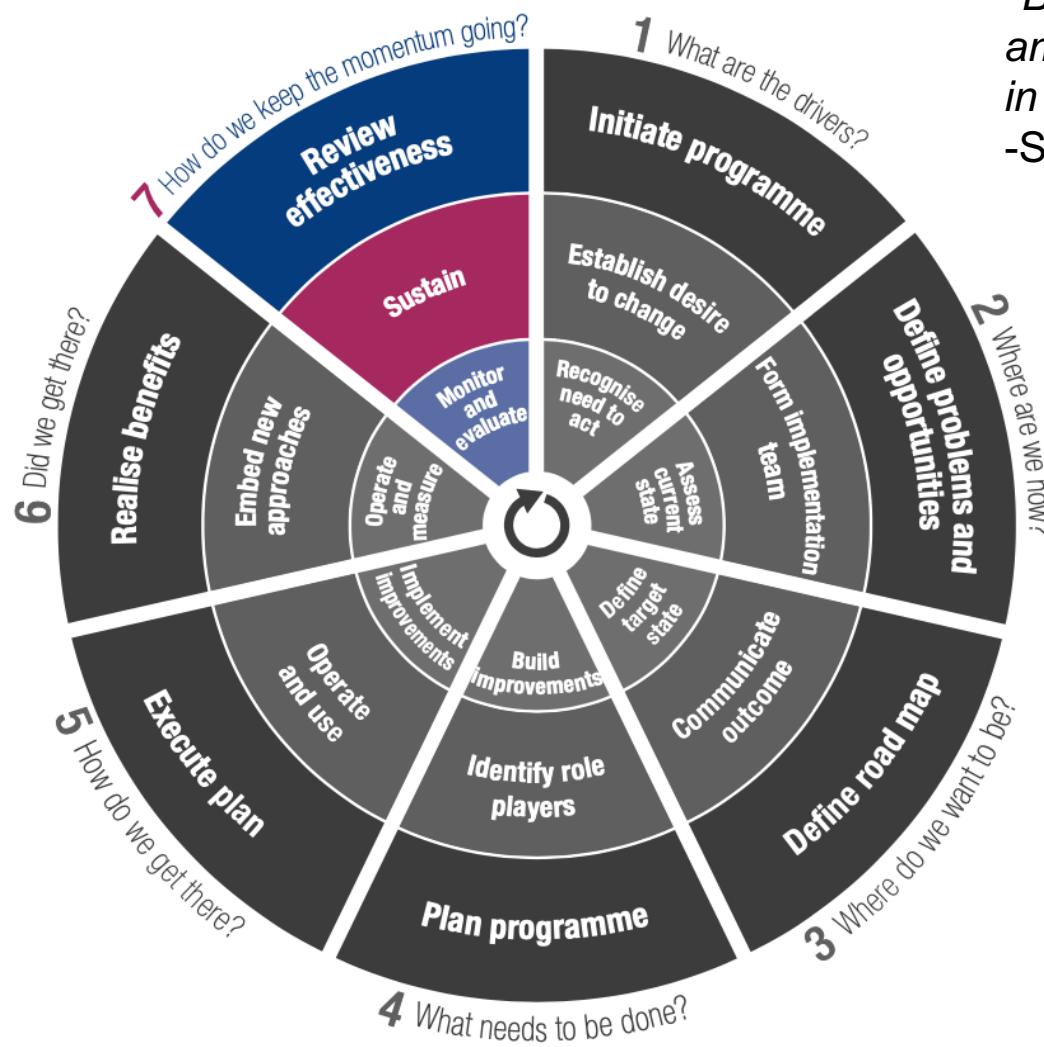
6. Reviewing benefits



“... a unique setup because [Belarus], [India1] and [India2] just about fight for everything”
-Account Manager, India1

- Selection of [India2] and [Belarus]
- High competition between 3 vendor companies

7. Maintaining Achievements



“By running RfPs the way we do it, the amount of business we are giving to a vendor in one vertical [area] is becoming smaller.”
-Senior Vice President IT, GlobalSports

- 20+ issued RfPs every month
- Maximal coverage by having at least 2 vendors per area

Thank you for your attention!

Munich, 22. January 2021



Discussion

- GlobalSports' IT multi-sourcing model had proved beneficial in the **short run**, but will it also prove beneficial in the **long run**?
- Can this model be **useful to other client companies**, too, or is it an idiosyncratic model that is only suited to GlobalSports' unique circumstances?
- Why would a company **not** go for a multi-sourcing strategy and which are the possible risks related to it?
- The life cycle is only one of the many features of COBIT 2019, can you come up with a **different implementation** of the framework other than the one that we discussed?