Outsourcing & Leadership Research Case Study

AB Volvo

Sai Tejaswini Kolapalli

Nithish Kolla

Saint Louis University

IS-5000 Enterprise Architecture and System Infrastructure

Information System

Cheri Greer M.S

Leadership Research: Case Study Assignment

Outsourcing Task Force

In the role of Enterprise Architect, choose some of the services/processes that could be outsourced. Identify each process, describe them, and give examples of how your company will benefit from this outsourcing initiative.

As an Enterprise Architect for Volvo, I have identified some potential services and processes that can be outsourced to maximize the cost-benefit of the company. Outsourcing is transferring certain business processes to another company based either in another country or in the same one. This will allow Volvo to save money on labor costs and focus its energy on building the product or service.

One potentially profitable service that can be outsourced for Volvo is the software development. According to Downing (2003), outsourcing this process reduces design costs and allows companies to focus on their core competencies instead of developing new software programs. For example, a media streaming platform could contract out its development work to a third party, freeing up resources for marketing initiatives or other tasks related to producing its product or content. Volvo could also focus its energies on customer satisfaction during the development process with the help of an external entity. Another service that may be suitable for outsourcing is customer service operations (McIvor, 2010). Volvo can benefit from outsourcing by having access to trained customer service professionals who are already experienced in providing quality customer support. In addition, outsourcing customer service operations often results in higher levels of customer satisfaction due to faster response times and more consistent handling of requests (Sass & Fifekova, 2011). For example, Volvo can reduce overhead by contracting out its customer support team to a third party rather than hiring them in-house. This would enable the company to provide better services at lower costs while providing excellent 24-hour customer support.

Offshore technology outsourcing has become increasingly popular due to its cost savings and access to specialized resources (Pai & Basu, 2007). Companies such as Amazon and Google are using offshore technology procurement techniques such as cloud computing, data centers,

and hosting services as part of their IT provisioning strategies to reduce infrastructure costs while gaining access to specialized workforce skills. For example, Volvo can benefit from outsourcing offshore technology by sourcing IT employees with specific technical expertise in areas such as network engineering or web design without increasing labor costs associated with internally hiring these employees.

The decision around which services should be outsourced depends mainly on each organization's needs and goals. However, there are several potential opportunities for Enterprise Architects when it comes time to make those decisions. By leveraging external resources for software/applications development activities; engaging second-party providers for customer service operations; and utilizing offshore resources for tech-related projects; Enterprise Architects have the power to make intelligent decisions that help bring cost savings benefits while maintaining consistently high levels of performance across all areas of their operation.

Recommend which "Type of Outsourcing" should be used. Why is this the correct type of outsourcing for your company? Describe the characteristics of this type of outsourcing.

For Volvo, strategic partnerships are the ideal type of outsourcing. A strategic partnership involves an agreement between two partners on a common goal and the sharing of resources in order to achieve that goal. This type of relationship allows Volvo to extend their capabilities without having to invest in additional staff or technology. Additionally, a strategic partnership enables Volvo to benefit from the expertise of its partner's resources and knowledge, which may result in improved efficiency and cost savings. It also allows for co-sourcing alliances where both parties can combine their human capital, intellectual property and other assets to generate better solutions and products than either party could manage independently.

Transaction relationships are another important form of outsourcing for Volvo due to their ability to provide short-term benefits such as reduced labor costs, minimal risk and quick turnaround times. However, since these relationships are typically limited in scope, it is critical for Volvo to effectively manage expectations when entering into these agreements. Furthermore, an effective operating model is needed if both partners are going to be successful; this could involve defining roles and responsibilities as well as establishing quality control measures that ensure desired results are achieved in a timely fashion. By using a combination of strategic partnerships, co-sourcing alliances and transaction relationships Volvo can leverage its own unique strengths while taking advantage of resources available through third parties. As such, they can better focus their efforts on achieving their core objectives while simultaneously enhancing profitability and innovation.

Draw conclusions about this outsourcing initiative will mean profitable growth for your operating model.

Information technology (IT) outsourcing and cloud computing services outsourcing have become increasingly important components of a successful business strategy. While IT

outsourcing can provide cost savings and improved efficiency, cloud computing services outsourcing can enable businesses to access top-tier technology solutions without capital investment. Additionally, operational outsourcing can help drive down costs while allowing a business to access specialized skills and expertise that are not available in-house. These initiatives can enable profitable growth for an organization's operating model by providing increased flexibility, scalability, and cost savings. For example, Karimi-Alaghehband & Rivard (2019) found that adopting dynamic capabilities such as IT and cloud services outsourcing can significantly contribute to organizational agility, thereby increasing an organization's ability to capitalize on growth opportunities. Similarly, Dave et al. (2006) revealed that IT outsourcing has the potential to increase agility while improving cost efficiency when used effectively. In contrast, Hudaib et al. (2014) highlighted the potential financial benefits of cloud computing services, such as reducing capital expenditures and improving the reliability of services. Collectively, given the evidence presented in these studies, it is clear that investing in information technology (IT), cloud computing services, and operational outsourcing initiatives may yield significant benefits in terms of cost savings as well as increased flexibility and scalability for an organization's operating model—leading to profitable growth for the business overall.

Leadership Task Force

What suggestions could you make to your leadership team to successfully implement and support this outsourcing initiative?

To successfully implement and support an IT outsourcing initiative, it is essential to plan, analyze the benefits and risks of such a decision, and ensure proper communication across all levels of the organization. Firstly, the decision-makers should assess the economic value of such an initiative by considering factors such as cost savings, return on investments, and potential risks associated with IT outsourcing (Karimi-Alaghehband & Rivard, 2019). Secondly, they should consider the legal aspects; for example, assessing any contractual agreements that could be affected by outsourcing. Thirdly, they should establish clear communication channels between departments to ensure smooth coordination (Dave et al., 2006). Fourthly, organizations can benefit from cloud computing services in terms of cost efficiency and scalability (Hudaib et al., 2014). Finally, organizations must make sure that their operational processes are appropriately outsourced. This includes a planned transfer of responsibility from its internal teams to third parties who can deliver strategic objectives more efficiently (Karimi-Alaghehband & Rivard, 2019). To sum up, these measures should be taken to create the prerequisites for successful IT outsourcing initiatives.

Describe in your own words how do you expect your leadership to change their leadership agenda to support this effort?

In order to successfully transition to outsourcing services, the organization's leadership needs to be tailored and adapted accordingly. First, it is essential to identify the areas where

outsourcing could be beneficial and then take steps to establish working relationships with potential vendors who can provide these services. This involves understanding the vendor landscape, developing a long-term strategy for managing the outsourced relationship, and creating clear goals and objectives for both parties to know what is expected from each other. Additionally, the leadership should also focus on addressing any risks or challenges associated with outsourcing, such as ensuring compliance with applicable laws and regulations and adequately protecting confidential data. The leadership team must have a solid understanding of these aspects to make informed decisions when it comes time to hire a vendor and implement an effective outsourcing strategy. Furthermore, it is essential to ensure adequate measures are in place for monitoring performance and providing feedback so that, if necessary, modifications can be made to maximize efficiency and minimize costs. Through diligent planning and strategic management, I am confident that the leadership will successfully transition the operations away from traditional models towards more efficient methods of service delivery through outsourcing.

References

Dave, B., Tombesi, P., Gardiner, B., & Scriver, P. (2006). Digital outsourcing in architecture: Sifting through promises, problems and myths.

Downing, C. E. (2003). The value of outsourcing: A field study. *Information systems management*, *19*(4), 84–89.

Hudaib, A., Alnabhan, M., Harfoushi, O., Obiedat, R., Adwan, O., & Adham, W. (2014). Emerging trends of outsourcing business to cloud computing services: A perspective study. *Communications and Network*, *6*(01), 1-8.

Karimi-Alaghehband, F., & Rivard, S. (2019). Information technology outsourcing and architecture dynamic capabilities as enablers of organizational agility. *Journal of Information Technology*, *34*(2), 129-159.

McIvor, R. (2010). *Global services outsourcing*. Cambridge University Press.

Pai, A. K., & Basu, S. (2007). Offshore technology outsourcing: overview of management and legal issues. *Business Process Management Journal*.

Sass, M., & Fifekova, M. (2011). Offshoring and outsourcing business services to Central and Eastern Europe: Some empirical and conceptual considerations. *European Planning Studies*, *19*(9), 1593-1609.