

# The Use of Governance Tools in Managing Outsourcing Engagements: Research Project Overview

Companies have gathered a considerable amount of experience in outsourcing various aspects of their business portfolio. The offshore outsourcing of business services has been of particular interest during the past decade. While global business outsourcing has become an ongoing trend, managers have begun to call into question their outsourcing practices. In this regard, the governance of outsourcing projects is becoming central to managers' interest.

While trying to optimize their outsourcing governance mechanisms, managers are confronted with two competing goals: (1) monitoring performance and punishing the vendor in case of contract non-performance, and (2) establishing a trust based relationship to the vendor. The software market has developed tools to resolve this dilemma of competing goals. The tools are known as governance tools or outsourcing relationship management solutions. While there are a considerable number of software solutions, the actual usage of these tools in outsourcing engagements is still limited to a small group of projects.

This research project aims to investigate the value of these tools in managing outsourcing projects by addressing the following objectives:

- 1) Compare available tools to find out similarities and differences in functionality.
- 2) Assess user experience at client and vendor companies to:
  - a. discover the reasons for (non) adoption.
  - b. analyze reasons for success or failure in using the tools.
- 3) Provide some guidance to companies for deciding:
  - a. under which circumstances companies should consider outsourcing governance tools.
  - b. in which areas tool providers might improve or reengineer their tools.

With this purpose, we would like to conduct interviews with key employees who are involved in outsourcing projects as a tool user (client and service provider), or having a tool-specific viewpoint as a solution provider (or consultant).

After completion of our research project, we will be pleased to provide you - as a participant of this research project - with our findings and/or an executive summary with implications for practice.

We would like to express our gratitude, in advance, for your support, as we know how valuable time is. Interviews will take about one hour of time and are ideally *held in the next few weeks* face-to-face or by phone. We can assure you that any information you provide to us during the interviews will be treated as strictly confidential.

If you have any questions, please contact:

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