

# eSourcing Capability Model for Client Organizations

Bill Hefley and Ethel A. Loesche

# eSCM-CL



## COLOPHON

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# eSCM-CL

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Client Organizations (eSCM-CL)



## Abstract

Organizations are increasingly delegating their information technology (IT) intensive business activities to external service providers to take advantage of the rapid evolution of the global telecommunications infrastructure and emerging information and communication technologies (ICT) capabilities. The business processes being outsourced range from routine and non-critical tasks, which are resource intensive and operational, to strategic processes that directly impact revenues. Managing and meeting client expectations are major challenges in sourcing of IT-enabled services, and examples of failure abound.

The eSourcing Capability Model for Client Organizations (eSCM-CL) is a “best practices” capability model with two purposes: (1) to give client organizations guidance that will help them improve their capability across the sourcing life-cycle, and (2) to provide client organizations with an objective means of evaluating their sourcing capability. The ultimate success of the Model will be demonstrated when Model adopters see fewer sourcing relationships that end due to deficiencies in service providers’ performance, more effective and efficient management of service providers, better relationships between client organizations and their service providers, and increased business value arising from client organization’s sourcing activities.

The eSourcing Capability Model for Client Organizations (eSCM-CL) is a “best practices” capability model developed to give clients of IT-enabled services guidance toward improving their capability across the sourcing life-cycle. Additionally, it provides client organizations with an objective means of evaluating their sourcing capabilities. The eSourcing Capability Models were originally developed at Carnegie Mellon University. This work began in March 2003. Data collection activities have included an extensive review of the published literature; interviews with clients, service providers, and advisors; and multiple workshops with global participation.

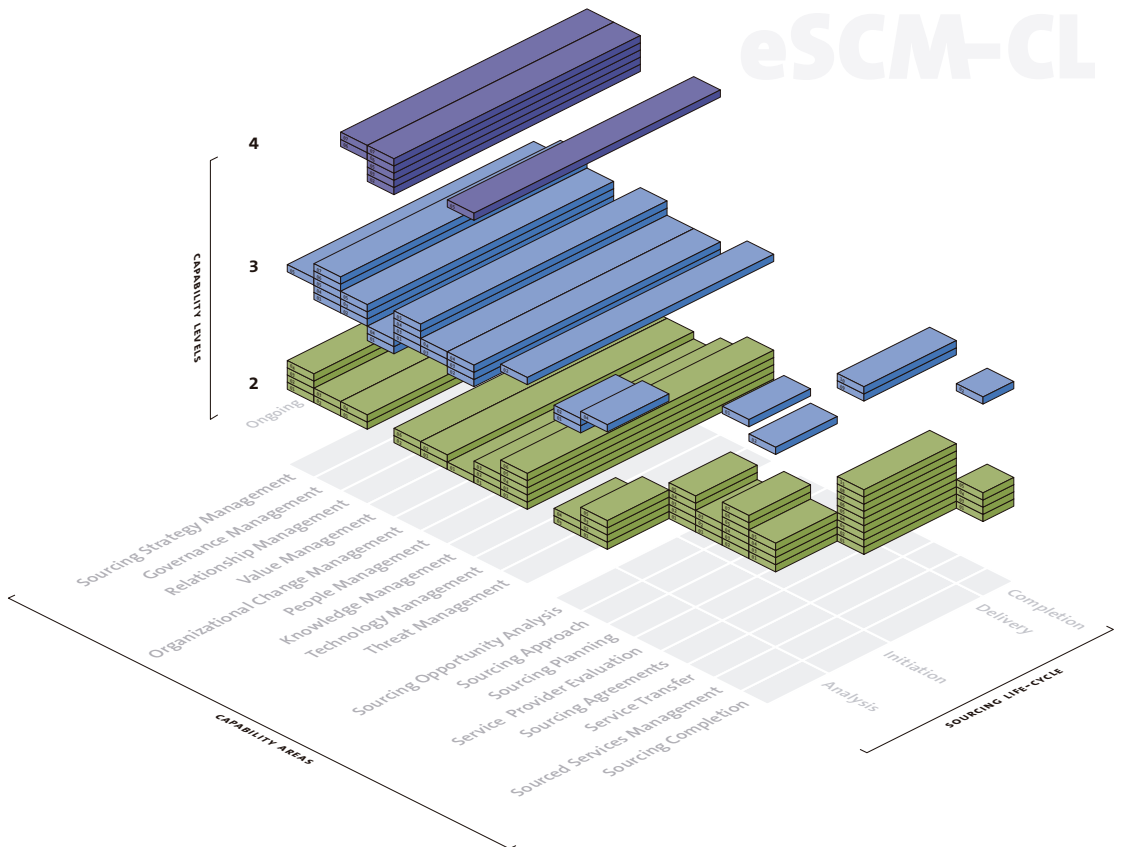
The eSCM-CL is comprised of 95 Practices that address the critical capabilities needed by client organizations engaged in sourcing activities, specifically focused on sourcing IT-enabled services. The current version, the eSCM-CL v1.11, is composed of 95 Practices that address the critical capabilities needed by clients of IT-enabled services. This document presents the architecture and rationale for the eSCM-CL. This document provides valuable information about the eSCM-CL, its implementation, and methods to evaluate and certify client organizations. This document also contains the details of the 95 eSCM-CL Practices. Each Practice is arranged along three dimensions: Sourcing Life-cycle, Capability Area, and Capability Level. The Sourcing Life-cycle is divided into Analysis, Initiation, Delivery, and Completion, plus Ongoing, which spans the entire Sourcing Life-cycle. The seventeen Capability Areas are logical groupings of Practices that help users to remember and intellectually manage the content of the Model. The five Capability Levels, numbered 1 through 5, describe an improvement path that progresses from a limited capability to perform sourcing up to the highest level of sustaining excellence over time in the client organization’s sourcing activities.

## Keywords

eSourcing, eSCM, eSCM-CL, eSourcing Capability Model, client organization model, best practices, quality models and systems, capability models, business process outsourcing, BPO, information technology, information technology outsourcing, ITO, IT-enabled sourcing, ITES, IT-enabled outsourcing services, IT-enabled services, knowledge process outsourcing, KPO, outsourcing, insourcing, shared services, captive centers, offshoring, outsourcing models, sourcing, sourcing models, governance, sourcing relationships.

# eSourcing Capability Model for Client Organizations (eSCM-CL)

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Ethel A. Loesche



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## Foreword - Michael Corbett

Twenty years ago, IBM and Kodak entered into a ground-breaking business relationship under which IBM would take over responsibility for Kodak's central information technology operations, including consolidating these operations from three centers to one. For many, this contract was ground zero of a fundamental restructuring of business that continues unabated today. Call it sourcing, outsourcing, virtualization, or e-sourcing, the result is the same: huge portions of most company's operations – operations that are central to their survival and growth - are now performed by specialized outside companies working under long-term contracts. James Brian Quinn, emeritus professor of management at the Amos Tuck School at Dartmouth, has called this “one of the greatest organizational and industry structural shifts of the century.” And few would argue that he overstated the case.

But, as with any change of this magnitude, the gap between what companies hope to achieve through outsourcing and the results they actually get is still significant. Surveys of members of the IAOP (International Association of Outsourcing Professionals), a global network of 100,000 professionals in this field, have found that by an 8-to-1 margin most organizations report a ‘mixed-bag’ result from outsourcing: achieving some, but not all, of their intended benefits from sourcing.

Although this may seem to suggest that outsourcing doesn't work as well as its proponents suggest, the fact that companies are accelerating their outsourcing efforts – not reducing them – argues something else. It argues that outsourcing, just like the deployment of new technology systems or the merger of previously separate companies, is a necessary, powerful and yet inherently complex undertaking. We may be 20-years down range from the IBM-Kodak deal but there is still much about making outsourcing work yet to be learned. And, just as importantly, much of what has been learned has yet to be applied systematically – through a methodology that brings people, processes, and technology together into an effective, results-driven system.

In response, just as other areas of business have matured to become recognized professions with a well understood role in contributing to organizational success enabled by the skills and professionalism of its practitioners, the same is now happening with outsourcing. Outsourcing professionals are emerging across the business, operating within specific functions and in company-wide capacities. They are increasingly helping to shape the organization's policies and practices, and they are also leading efforts to make outsourcing work effectively, efficiently, and creating value for their organizations. They are increasing the recognized, go-to resource for ensuring better outcomes. At the same time, outsourcing professionals face many challenges themselves, and the effort to develop and codify the field's body of knowledge is really just underway.

IAOP has made addressing the needs of these professionals the centerpiece of its role as the global, standard-setting organization and advocate for the profession. IAOP's Certified Outsourcing Professional (COP) designation – the industry's de facto standard of professional competency

and excellence – provides those responsible for the design, implementation, and management of outsourcing relationships with a framework for developing and demonstrating their professional capabilities. Whether working as a customer, provider, or advisor, individuals who have achieved the COP designation know how to utilize the industry's best-practices, embodied in the Outsourcing Professional Body of Knowledge (OPBOK), to effectively lead an organization through an outsourcing engagement – from concept to ongoing delivery management.

But, what about the organization, itself? How do organizations take that professional expertise and turn it into a repeated set of management processes that will ensure high-quality results, each and every time? That is where the eSourcing Capability Models, or eSCMs, comes in. By addressing both sides of the client and service provider relationship, they provide the missing process maturity definitions and standards that can be broadly applied by both clients and service providers. These models, as well as professionalism activities, such as the COP designation, support the development of sourcing competencies - both in organizations involved in sourcing and in individuals engaged in these increasingly complex endeavors.

For companies that provide outsourcing services, especially in the information technology-centric areas, eSCM helps them manage and reduce their risks and improves their capabilities across the entire sourcing life-cycle. Companies use eSCM to first evaluate their current capabilities and to then put in place action plans to improve them. It guides organizational processes that not only ensure delivery of the services customers expect but just as importantly guiding their efforts in designing and implementing those services.

For companies that use outsourcing services, the client model, called eSCM-CL, addresses the organizational best practices needed to successfully source IT-enabled services. It defines proven, repeated management processes for developing the organization's sourcing strategy, planning for sourcing and service provider selection, initiating the agreement, managing the service delivery, and managing the transitions at the completion of sourcing arrangements.

Today's highly-complex and rapidly changing global economy demands that organizations look outside their walls for the solutions and services their customer need. Quite simply, no organization can survive relying solely on its own, internal resources. But, working across the boundaries of companies, working collaboratively to bring forward new innovative solutions, is a lot easier said than done. Models, such as eSCM, and professional certifications, such as the COP, do just that – they take the collective experience of the industry and package it in a way that makes those learnings actionable and repeatable.

IAOP and eSCM's developer, ITSq, are delighted to be working together on this book series - the ITSq series in association with IAOP - and are pleased to introduce the first volumes documenting the eSourcing Capability Models. Our goal is simple; to further support their adoption and use globally so that organizations will achieve the benefits anticipated and possible through sourcing.

**Michael F. Corbett**

Chairman, International Association of Outsourcing Professionals® (IAOP®)

## Foreword - Marie-Noëlle Gibon

For a long time companies were very integrated. Today, due to the globalization, they focus much more on their core business activities. As a result, the outsourcing market has seen unprecedented development. In 1996, the outsourcing market in France came to 1,829 M€. Ten years after, in 2007, it amounted to 8,140 M€. And it continues to grow up.

To cope with the competition and stay alive, the companies are (and indeed must be) more reactive, flexible and efficient; IT has to be aligned with the company objectives and strategy. There is a strong need for the IT managers to organize both the internal and external resources so that they can meet the business objectives and contribute to the expected value creation. Sourcing, including outsourcing, is a key activity.

For that reason, good relationships between the Client and the Service Providers are the foundation for success. The potential for value creation depends on the optimization of the Client-Service Provider relationships. To build such trusting relationships, the deployment of good practices is an absolute necessity. The eSCM Model is the only valuable response.

### **The eSCM Model: a practical guide to successful outsourcing**

Most CIO's consider outsourcing activities as being strategic and critical because they help them to achieve the company goals. Thus, it is compulsory to better manage risks related to the externalisation of the IT activities and functions as well as relationship with the service providers. eSCM is really a handy guide for successful outsourcing.

eSCM allows us to define how to implement a sourcing strategy. eSCM is the good compass to navigate to the destination, to meet the organization's needs by delivering the expected services in due time, and by providing the right human resources at the right time. Finally, for client organizations, eSCM is the only model which addresses the different areas of a sourcing policy.

To integrate sourced services with the businesses ongoing activities, it is vital to get on well together. eSCM allows us to share a common language and set up a clear allocation of roles and responsibilities in managing sourced services. Doing this allows client organizations to avoid many pitfalls.

An outsourcing agreement is, primarily, a relationship between two people. To sustain a good relationship, two things are necessary: mutual trust and a minimum of transparency. So,

eSCM is a true "everyday guide" for developing and maturing a successful one-to-one relationship. eSCM addresses all the points of married life, from beginning the relationship, through to handling the conflicts as well as the legal separation; all the details of the legal separation are settled in advance in order to make it less distressing for the two parties. (Indeed, several Practices are devoted to the completion phase).

### **The eSCM Model: the “lethal weapon” to ensure company performance and value creation**

Service Providers must do more than just to understand the needs of their clients; they must actively contribute to the Client’s value creation by performing well the sourced services, by ensuring appropriate knowledge management between the stakeholders, and by fostering innovation. The value is based on a Client-Service Provider coproduction. A well balanced relationship is the key success factor for achieving successful coproduction of value for both parties, as is a relationship based on mutual trust, as trust constitutes the foundation of value creation.

Service Providers substitute for the internal resources to deliver the requested services as agreed. If they fail to fulfil their obligations or if the Clients do not perform well enough the sourcing activities within their own organization, the expected value creation will be seriously impacted. The deployment of the eSCM framework allows client organizations to increase the value of the sourced services by managing and reducing risks related to their sourcing (or externalisation) processes. Value Management is the ultimate goal of the eSCM model usage.

Finally, eSCM also contributes to increase the value of intangible assets, especially the value of the organization’s capital and its human capital through the eSCM certification system. Investments in competence upgrading result in creating something of value for the individuals, as well as for the overall organization. It reinforces people motivation and improves the global performance of the organization delighted with the recognition of its demonstrated capabilities.

### **From the profession faith to the action : the Ae-SCM association and its toolkit**

The French Association named Ae-SCM has been created for facilitating the eSCM adoption by the different stakeholders: Clients, Service Providers, and consulting companies. The early adopters, such as La Poste, were faced with a lack of knowledge related to the eSCM model. To make the eSCM model famous, an association was set up to ensure the active promotion of it. But to deploy such a model either as a client or as a service provider, the paper documentation is necessary but not sufficient. Therefore, the working groups of the Ae-SCM association delivers implementation tools such as eSourcing BSC (Balanced Scorecard), CL/SP assessment, CL/SP Maturity Graphs and of course eSCM Pocket Guides ...in French.

In a nutshell, eSCM is more than a best practices sourcing framework - the model really instills a new culture of collaboration between Clients and their Service Providers. Shouldn’t eSCM be a globally-used “2.0” framework?

#### **Marie-Noëlle Gibon**

President of the Ae-SCM

## Introduction

Allocating business activities to an outside organization in order to derive cost and quality benefits is not a new concept to organizations; outsourcing has been widely used since the mid-twentieth century. Initially outsourcing was used primarily for the manufacturing of industrial components, as well as for some non-core services such as facilities management. Outsourcing of information technology (IT) started in the 1960s when organizations commonly used timesharing of computer resources as a way to manage costs. In the 1970s organizations started to outsource parts of their data processing operations to external service providers in an effort to achieve significant cost savings. The 1980s and 1990s witnessed the establishment of some landmark outsourcing agreements that involved the shifting of entire IT operations to external service providers.

The rapid globalization of business and the increased focus on core competencies in the late 1980s and the 1990s also led organizations to extend the concept of outsourcing to IT-intensive business processes. These business processes included customer care, finance and accounting, human resources, information services, and logistics. More recently, IT-intensive projects and tasks, including engineering services, geographical information systems, multimedia content development, and transcription services are also being increasingly outsourced, as are other knowledge-intensive processes, such as various types of knowledge process outsourcing (KPO) or legal process outsourcing (LPO). The primary drivers for this trend are increasing competitive pressures, a need to access world-class capabilities, and a desire to share risks. The allocation of selected business activities to a common shared services center to gain benefits of standard practices also gained widespread acceptance during the same timeframe.

Organizations are increasingly delegating IT-intensive business activities to service providers to take advantage of new growth in the global telecommunications infrastructure and emerging information and communication technologies (ICT) capabilities. The business processes being outsourced range from routine and non-critical tasks, to strategic processes that directly impact revenues. Over the past several years, many kinds of organizations, from manufacturing firms to banks to hospitals, have been delegating IT-enabled activities to external service providers because



they are focusing on core competencies or lack their own in-house capabilities. In many cases, they have not been satisfied with the results of these sourcing relationships.

The actions of the client organization and those of the service provider in these sourcing relationships are both critical for success. Managing and meeting client expectations is a major challenge for service providers in these business relationships, and examples of failure abound. Challenges that client organizations face include:

- Establishing an appropriate sourcing strategy,
- Identifying capabilities that could be sourced,
- Developing appropriate approaches for sourcing activities,
- Managing risks throughout their sourcing activities,
- Identifying, selecting, and negotiating with service providers,
- Conducting service provider governance and performance management, and
- Managing relationships with their service providers.

### eSourcing Capability Models

The eSourcing Capability Models were developed to help both client organizations and service providers alleviate these problems. The eSourcing Capability Models were originally developed at Carnegie Mellon University. These efforts focused on the IT-enabled services (ITES) segment of the global sourcing market by creating capability models and qualification methods to improve sourcing

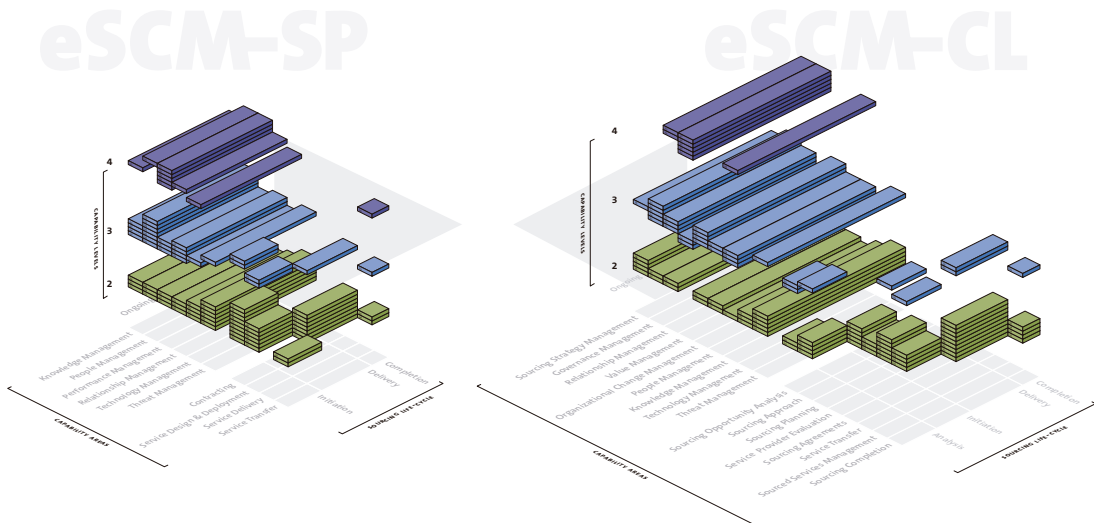


Figure 1.

#### Complementary Models

The eSourcing Capability Models are complementary Models, addressing both sides of a sourcing relationship

relationships in the Internet-enabled economy. The eSourcing Capability Models are designed to be complementary Models, addressing both sides of a sourcing relationship, as shown in Figure 1.

The eSCMs enable client organizations and service providers to appraise and improve their capability to foster the development of more effective relationships, better manage these relationships, and experience fewer failures in their client-service provider relationship. The ultimate success of these Models will be demonstrated when Model adopters see fewer sourcing relationships that end due to deficiencies in service providers' performance, more effective and efficient management of service providers, better relationships between client organizations and their service providers, and increased business value arising from client organization's sourcing activities.

### **eSourcing Capability Model for Service Providers (eSCM-SP): A Comprehensive Solution for eSourcing**

The eSourcing Capability Model for Service Providers (eSCM-SP) helps sourcing organizations manage and reduce their risks and improve their capabilities across the entire sourcing life-cycle. The eSCM-SP was developed specifically to address the difficulties in providing eSourcing services. The Model's Practices can be thought of as the best practices associated with successful sourcing relationships. It addresses the critical issues related to IT-enabled sourcing (eSourcing).

The eSCM-SP is a "best practices" capability model with three purposes: (1) to give service providers guidance that will help them improve their capability across the sourcing life-cycle, (2) to provide clients with an objective means of evaluating the capability of service providers, and (3) to offer service providers a standard to use when differentiating themselves from competitors. Prospective clients can differentiate between service providers based on their eSCM-SP level of certification and Practice Satisfaction Profile.

The eSCM for Service Providers v1.0 was released in November 2001. After significant evaluation and revision, eSCM-SP v1.1 was released in October 2002. Version 2 was released in April 2004. The current version, the eSCM-SP v2.02, is composed of 84 Practices that address the critical capabilities needed by IT-enabled service providers [Hyder 2009].

### **eSourcing Capability Model for Client Organizations (eSCM-CL): Completing the Sourcing Relationship**

In order to provide complete coverage of the eSourcing relationship, the eSourcing Capability Model for Client Organizations (eSCM-CL) addresses the difficulties of the relationship from the client's perspective. Existing frameworks do not comprehensively address the best practices needed by client organizations to successfully source IT-enabled services. Our preliminary investigation showed that most current quality models do not address all phases of the client's sourcing process. The eSourcing Capability Model for Client Organizations (eSCM-CL) addresses a full range of client-organization tasks, ranging from developing the organization's sourcing strategy, planning for sourcing and service provider selection, initiating the contract, managing service delivery, and completing the contract.

The eSourcing Capability Model for Client Organizations (eSCM-CL) is a “best practices” capability model that gives client organizations guidance in improving their capability throughout the sourcing life-cycle. The eSourcing Capability Model for Client Organizations (eSCM-CL) enables client organizations to appraise and improve their capability to foster the development of more effective relationships, better manage these relationships, and experience fewer failures in their client-service provider relationship. The eSourcing Capability Model for Client Organizations (eSCM CL) has two purposes: (1) to give client organizations guidance that will help them improve their capability across the sourcing life-cycle, and (2) to provide client organizations with an objective means of evaluating their capability.

The eSCM-CL allows client organizations to continuously evolve, improve, and innovate their capabilities to develop stronger, enduring, and more trusting relationships with their service providers, and to meet the dynamic demands of their business while effectively managing service delivery by their service providers. It is intended to be a companion model to the eSCM-SP, focusing on the client aspects of successful sourcing relationships; it contains client-focused counterparts to more than half of the eSCM-SP Practices. Each Practice in the eSCM-CL is distributed along the same three dimensions as the eSCM-SP, though the Sourcing Life-cycle is expanded to cover activities the client must perform prior to the beginning of the sourcing relationship.

The eSCM-CL gives client organizations both guidance to improve their sourcing activities and a well-defined standard to use in evaluating these activities to achieve certification and demonstrate their sourcing capabilities through certification. Client organizations can be differentiated by prospective service providers based on their eSCM-CL level of certification and Practice Satisfaction Profile. Client organizations can also use their certifications to signal to customers, regulators, and investors that they have achieved a known level of capability in their sourcing activities.

The eSCM-CL enables client organizations to appraise and improve their capability to foster the development of more effective relationships, better manage these relationships, and experience fewer failures in their client-service provider relationship. The ultimate success of the model will be demonstrated when model adopters see fewer sourcing relationships that end due to deficiencies in service providers’ performance, more effective and efficient management of service providers, better relationships between client organizations and their service providers, and increased business value arising from client organization’s sourcing activities.

The eSCM for Client Organizations (eSCM-CL) is composed of 95 Practices that address the critical capabilities needed by client organizations involved in sourcing IT-enabled services. The 95 Practices are arranged along three dimensions: Sourcing Life-cycle, Capability Areas, and Capability Levels. The Sourcing Life-cycle includes Analysis, Initiation, Delivery, and Completion, each of which represents an individual phase of the Life-cycle, plus Ongoing, which spans the entire Life-cycle. Capability Areas are groupings of Practices with similar content and focus. Capability Levels represent a path of improvement for client organizations.

Version 1.1 of the eSCM-CL was released in 2006, following the release of Version 1.0 earlier that year. The current version, the eSCM-CL v1.11, which is contained in this book, is composed of

95 Practices that address the critical capabilities needed by clients of IT-enabled services. The Practices are taken directly from version 1.1 of the Model [Hefley 2006b], but the other material in the book has been updated and expanded from that available in the technical reports. A more detailed history of the eSCM-CL is contained in Appendix E.

Chapter 1 of this book deals with the concepts of eSourcing and IT-enabled services. Chapter 2 describes the critical issues that led to the development of the eSCM-CL and its complementary Model, the eSourcing Capability Model for Service Providers (eSCM-SP) [Hyder 2009]. Chapter 3 describes the three dimensions of the Model structure: Sourcing Life-cycle, Capability Areas, and Capability Levels. The Sourcing Life-cycle includes Analysis, Initiation, Delivery, and Completion, each of which represents an individual phase of the Life-cycle, plus Ongoing, which spans the entire Life-cycle. Capability Areas are groupings of Practices with similar content and focus. Capability Levels represent a path of improvement for client organizations. Chapter 4 discusses the use of the Model: implementing the Model and evaluating client organization capabilities. Chapter 5 describes using the Model in capability determinations (such as assessments, evaluations, appraisals, audits) and certification of client organizations against the Model. Chapter 6 describes the internal structure of the Practices. Chapter 7 addresses interpreting the Model correctly in different environments. Chapter 8 is the bulk of the book: the 95 Practices. These are followed by the glossary, references, summaries of the Practices, a mapping of the overlaps and interdependencies between the eSCM-SP and the eSCM-CL and between the IAOP's Outsourcing Professional Body of Knowledge (OPBOK) [IAOP 2008] and the eSCM-CL, and a brief history of the development of the eSCM-CL.



CHAPTER 1

# eSourcing

IT-enabled sourcing, or eSourcing, uses information technology as a key component of service delivery or as an enabler for delivering services. eSourcing is often provided remotely, using telecommunication or data networks. These services currently range from routine and non-critical tasks that are resource intensive and operational in nature to strategic processes that directly impact revenues. eSourcing relies on information and communication technologies as an integral part of the service delivery.

There are several common characteristics of eSourcing. Service design and deployment activities focus on designing the delivery processes, setting up a technology infrastructure, and managing the skills needed for service delivery. The client organization may transfer personnel, knowledge, and the service delivery infrastructure to the service provider. The service delivery phase typically spans multiple years, and often includes continuous or repetitive tasks. The service provider may transfer personnel, knowledge, and the service delivery infrastructure back to the client at the completion of the sourced service.

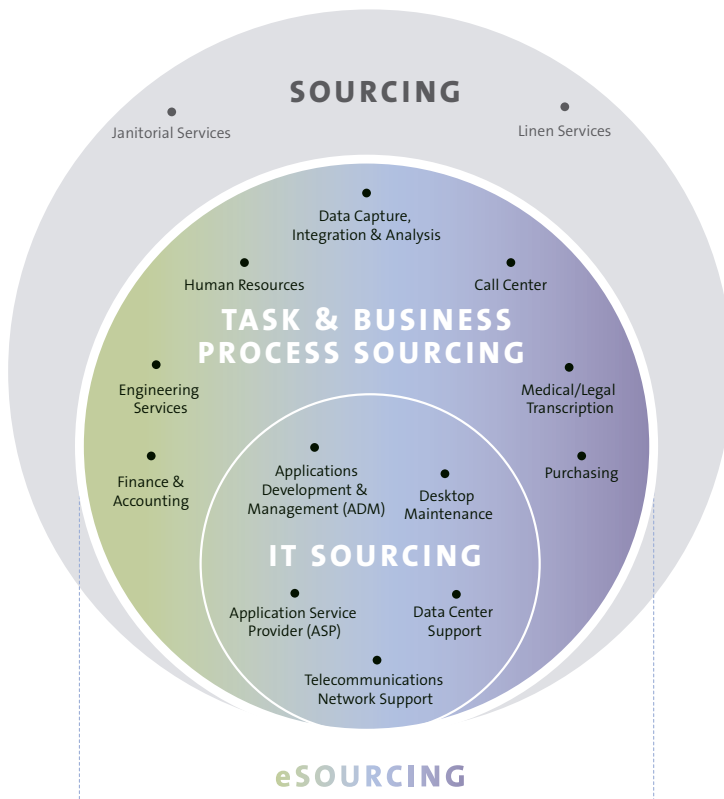


Figure 2.  
Types of sourcing

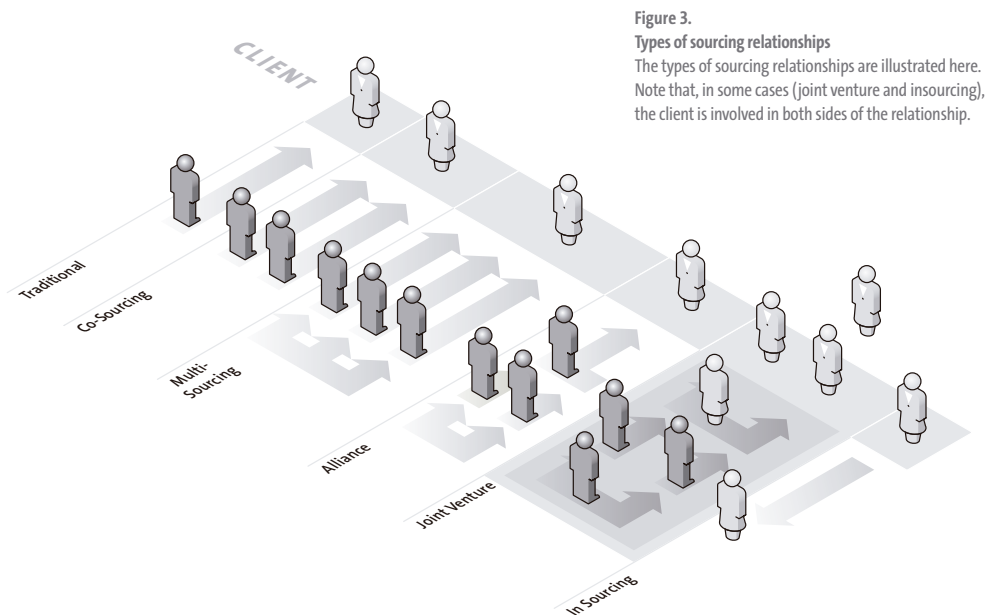
The central two circles, IT Sourcing and Task & Business Process Sourcing, are covered by eSourcing. The outer circle, Sourcing, is excluded from eSourcing.

Figure 2 shows examples of the types of sourcing services, highlighting the differences between sourcing as a whole, traditional IT sourcing, and task and business process sourcing. eSourcing includes the two middle circles: traditional IT sourcing, and task and business process sourcing. eSourcing typically excludes services such as janitorial services, which are not delivering technology or using technology as a key enabler for delivering service.

### Types of Sourcing Relationships

The rapid evolution of the Internet and the increased availability of bandwidth have facilitated the formation of geographically dispersed organizations. This ability to extend past geographical boundaries has contributed to the growth of eSourcing and has made possible the formation of a wide variety of sourcing relationships. These relationships typically fall broadly into one of the following categories:

- Traditional: a single service provider delivers service to a single client.
- Co-sourcing: two service providers work together to deliver service to a single client. Often, one of these providers is internal and the other is external to the client.
- Multi-sourcing: multiple service providers provide services to a single client. The client takes responsibility for managing and integrating the services of the various service providers.
- Alliance: multiple service providers collaborate to serve one or more clients. Often, one of the service providers has a primary role in interfacing with the client on behalf of the alliance.
- Joint Venture: multiple service providers form a collaborative business venture to serve one or more clients. Often, the first client may be part of the joint venture.





- **Insourcing:** a group within the client organization is selected as a service provider, but is largely managed as an external entity. Often this group must compete with external suppliers or service providers for work. Insourcing may refer to services provided to the client organization by a shared services center, which could be located onshore or offshore, or by a dedicated delivery center, which also could be located onshore or offshore. The latter are often referred to as captive centers or global delivery centers.

Sourcing, as used in this document, refers to any and all of these types of relationships. Figure 3 provides a graphic depiction of these sourcing relationships.

Service provider, as used in the eSCM-CL, refers to the entities that provide IT-enabled sourcing services to a client organization. The role of service provider is performed by any organizational units, whether internal or external, that delivers and supports IT-enabled sourcing services to a customer. The service provider is managed as a separate entity from the client organization in a sourcing relationship between the client organization and the service provider. The client organization is the buyer of sourced services from their service providers.

### **Types of Sourcing**

Sourcing can be broadly divided into three categories. These three categories are:

- (1) Selective sourcing is where a portion of a business function is sourced. This ranges from a single task (e.g., check printing) to an entire process (e.g., payroll processing) within a business function.
- (2) Total sourcing occurs when an entire business function is sourced (e.g., Human Resources).
- (3) Transitional sourcing is the practice of temporarily sourcing during a period of transition. For example, sourcing legacy payroll systems while a new payroll system is being developed. The intent of transitional sourcing is not to source the function long term, but only for the duration of the transition period [Willcocks 1998].