



**IFIP WG8.3  
Workshop**



**IFIP**

INTERNATIONAL FEDERATION FOR INFORMATION PROCESSING

**Case Studies of Decision Making and Decision Support**

# Outsourcing decisions – the Topps and SerCom case studies

IFIP WG 8.3 task force meeting

London, 5/6<sup>th</sup> April, 2004

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# Some History

- Early days
  - Time sharing
  - Computer bureau service
  - Contract programming
  - Technical / confidential manual printing
- Focus mostly on cost effective access to leading edge expertise / technology
- Then, mostly on cost reduction
- Image largely negative

# Key ideas in Outsourcing

- Outsource costly activities
- Outsource non-core activities
- Outsource labour intensive tasks
- Outsource when scarce resource
- Simplify capital / cash flow situation
- Avoid when strategic dimension at stake

Example:

costly

labour

intensive

but...

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costly  
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# Modern day outsourcing

- No shame approach from both sides
- Scope of outsourcing extends to virtual organisation => more activities are outsourced than insourced
- Existing firm: vision of core activity reduced to minimum
- New firm: creation of virtual firm
- Provider: only goal is to be best go getter = solve any headache for a fee

# Case study organisations – the client side

- Topps – “traditional” firm turning itself into a virtual firm
  - Bazooka
  - Buy rights from hollywood giants
  - Far east manufacturing partners
  - No distribution network
  - Cost reduction on a scale unknown to mankind
    - Manpower
    - Facilities
  - Flexibility / time to market

# Case study organisations – the Provider side

- SerCom – the Supply Chain Management Specialist
  - Began as key partner for large computing MNCs
  - As printing business dwindled, moved to other activities
    - Electronic publishing
    - Web site creation
    - Manufacturing
    - QA
    - Bundling
    - Hubing
  - No job too small: dispensing / non production items
  - Take stocks off the books of their clients
  - Establish relation with trivial task then move to take over entire supply chain – eg: canon

# Some conclusions

- Business Process Outsourcing is here to stay
- Supply chains will increasingly involve specialised partners (despite exclusion of traditional intermediaries)
- Geographical effect – clever way to retain employment in “rich” countries
- In Ireland – subsidies to implementing firms an obstacle
- IT is instrumental in enabling complex outsourcing
- Only required expertise is sourcing partners – companies such as SerCom even remove that