

**STRATEGIC FACTORS ENABLING  
EFFECTIVE OFFSHORE RELATIONSHIPS OF  
SRI LANKAN IT CONSULTING &  
OUTSOURCING COMPANIES; A MODEL FROM  
THE VENDOR PERSPECTIVE**

**MASTER OF BUSINESS ADMINISTRATION**  
 **IN**  
**INFORMATION TECHNOLOGY**

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Department of Computer Science & Engineering

University of Moratuwa

December 2008

## DECLARATION

I hereby declare that the dissertation titled “Strategic Factors Enabling Effective Offshore Relationships of Sri Lankan IT Consulting & Outsourcing Companies; A Model from the Vendor Perspective” is my own work and effort and in part or whole has not been submitted for any other academic qualification at any institute. Where other sources of information have been used, they have been acknowledged.

Signature: \_\_\_\_\_ Date: 2<sup>nd</sup> February, 2009

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## ABSTRACT

Outsourcing is one of the emerging and most profitable business activities in the global market. It has already grabbed the focus of investors in the past few years and possesses the potential to sustain in the years to come. With amazing growth opportunities and immense competition, the decision to select the best suitable destination to outsource has become crucial. Therefore, it is more imperative than ever for Sri Lankan consulting and outsourcing companies to distinguish their delivery through a strategy. The winners are those that strategically align industry best practices with a customised delivery model in order to exceed customer satisfaction while optimizing profits. It is with that interest this research is focused in diversified business operational areas towards identification of strategic factors facilitating effective offshore relationships.

The research analysed the complexities of these factors using a hybrid methodology mainly focusing on qualitative analysis techniques. The resulted factors are categorised into primary and supportive strategic factors in view of facilitating organisation-specific concepts. The primary factors include; professional values, strategic drives, supply & delivery management, service marketing capabilities, value-creation approaches, innovation management, client segmentation & alignment, personal relationships, dealing with management theories, and sustainable development. The supportive factors are; business nature, planning & control, knowledge management, CSF awareness, offshore effectiveness, team management, governance, PEST factors, risk awareness, and Sri Lankan offer/branding. These factors are then used to craft an effective offshore relationship model and it followed by a 3-Step policy undertaking process to reinforce the relationship model. Finally the research recommends an offshore relationship index to standardise the proposed model and it highlights future research areas in strengthening operational effectiveness and strategic alliances to harness Sri Lankan offshore industry.

**Key Words:** ITO, Consulting and Outsourcing, Offshore Relationship Index, Strategic Factors

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## TABLE OF CONTENTS

<b>CHAPTER 1: OVERVIEW</b> .....	<b>1</b>
1.1 BACKGROUND & MOTIVATION .....	1
1.2 PROBLEM STATEMENT .....	2
1.3 RESEARCH OBJECTIVES .....	3
1.4 SIGNIFICANCE OF THE STUDY .....	4
1.4.1 <i>Theoretical Significance</i> .....	4
1.4.2 <i>Practical Significance</i> .....	5
1.5 SCOPE AND LIMITATIONS.....	5
1.5.1 <i>Scope</i> .....	5
1.5.2 <i>Limitations</i> .....	6
<b>CHAPTER 2: LITERATURE REVIEW</b> .....	<b>7</b>
2.1 THE OFFSHORE BUSINESS .....	7
2.2 STRATEGIC INSIGHTS .....	9
2.3 EXPERT VIEWS.....	14
2.4 SUMMARY .....	19
<b>CHAPTER 3: METHODOLOGY &amp; DESIGN</b> .....	<b>22</b>
3.1 CONCEPT FRAMEWORK.....	22
3.1.1 <i>Offshore Industry</i> .....	23
3.1.2 <i>Strategy Management</i> .....	23
3.1.3 <i>Data Collection Framework</i> .....	24
3.1.4 <i>Conceptualizing the Strategic Relationship Model</i> .....	25
3.1.5 <i>Effective Relationship Model</i> .....	25
3.2 THE DESIGN FRAMEWORK .....	25
3.3 CONCEPTS MAPPING .....	29
<b>CHAPTER 4: DATA COLLECTION</b> .....	<b>32</b>
4.1 DATA COLLECTION .....	32
4.1.1 <i>Interviews</i> .....	32
4.1.2 <i>Review of Documents</i> .....	33
4.1.3 <i>Questionnaire</i> .....	33
4.2 SAMPLE SELECTION .....	33
4.3 QUESTIONNAIRE DESIGN FRAMEWORK.....	34
<b>CHAPTER 5: ANALYSIS</b> .....	<b>37</b>
5.1 INDUSTRY INSIGHTS.....	37
5.2 COGNITIVE MAP .....	41
5.3 DOMAIN ANALYSIS.....	43
5.4 CONCEPT CENTRALITY ANALYSIS .....	44
5.5 COMPLEXITY MAP .....	45
5.6 QUANTITATIVE ANALYSIS .....	46
5.6.1 <i>Industry Demographics</i> .....	47
5.6.2 <i>High-level Analysis of Strategic Factors</i> .....	51
5.7 RESULTS MODELING .....	56
5.7.1 <i>The Relationship Model</i> .....	56
5.7.2 <i>The 3-Steps Policy Undertaking Process</i> .....	58
<b>CHAPTER 6: RECOMMENDATIONS</b> .....	<b>62</b>
<b>CHAPTER 7: CONCLUSION</b> .....	<b>65</b>
<b>REFERENCES</b> .....	<b>67</b>
<b>APPENDIX 1: QUESTIONNAIRE</b> .....	<b>72</b>
<b>APPENDIX 2: THE FACT SHEET TEMPLATE</b> .....	<b>78</b>

## List of Figures

Figure 1-1: Conceptual View of the Problem Statement.....	3
Figure 2-1: Research Focus and Component Mapping.....	7
Figure 2-2: Transformation of the Value Net .....	10
Figure 2-3: Corporate Risks.....	15
Figure 2-4: Strategy Management Process .....	18
Figure 3-1: The Concept Framework.....	22
Figure 3-2: The Data Collection Framework.....	24
Figure 3-3: The Research Design Framework .....	28
Figure 4-1: Questionnaire Design Framework .....	35
Figure 5-1: Cognitive Map of Factors and Relationships.....	42
Figure 5-2: Concept Mapping Overview .....	45
Figure 5-3: Central Ranking Vs Domain Ranking .....	46
Figure 5-4: Company Vs Years of Establishment .....	47
Figure 5-5: Company Size Distribution.....	47
Figure 5-6: Client's Region Distribution .....	48
Figure 5-7: The Proposed Relationship Model.....	56
Figure 5-8: Conceptualising Strategic Positioning .....	58

## List of Tables

Table 1-1: Stakeholder Vs Significance Map .....	5
Table 2-1: Application of Theories.....	16
Table 2-2: Strategy Management Discussion .....	17
Table 3-1: Tabular Representation of Concept Source Mapping .....	29
Table 4-1: Data Collection Methods Summary .....	32
Table 4-2: Sample Selection Summary.....	34
Table 4-3: Questionnaire Design .....	35
Table 5-1: Summary View of Domain Analysis.....	43
Table 5-2: Summary View of Centrality Analysis .....	44
Table 5-3: Overall Results Summary.....	49
Table 5-4: Policy Undertaking Definition Template .....	59
Table 5-5: Sample Policy Undertaking Definition .....	59
Table 5-6: Impact Analysis Template.....	60
Table 5-7: Sample Impact Analysis.....	60
Table 5-8: Action Plan Template.....	61
Table 5-9: Sample Action Plan .....	61
Table 6-1: Rating Scales .....	63

## List of Acronyms

ASP	–	Application Service Providers
ATC	–	Advanced Technology Centre
BPO	–	Business Process Outsourcing
BPR	–	Business Process Re-engineering
CSF	–	Critical Success Factors
FDD	–	Feature-driven Development
GDP	–	Gross Domestic Product
GSLI	–	Global Service Location Index
HBR	–	Harvard Business Review
HR	–	Human Resources
IT	–	Information Technology
ITO	–	Information Technology Outsourcing
KPO	–	Knowledge Process Outsourcing
ORI	–	Offshore Relationship Index
PEST	–	Political Economic Sociocultural and Technological
R&D	–	Research & Development
SBU	–	Strategic Business Unit
SDLC	–	Software Development Lifecycle
XP	–	Extreme Programming



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