

With J. T. C. Teng. (1993) "The Decision to Outsource Information Systems Functions," *Journal of Systems Management*, Vol. 44(11), 34-38.

Outsourcing information system (IS) functions to an external service provider is an important management decision that traditionally has been made after considering only cost factors. A more comprehensive evaluation technique on whether or not to outsource company projects involves Level 1 analysis at the systems level and a Level 2 strategic analysis of competitive benefits and problems. Level 1 evaluates maturity of the technology, the firm's information technology (IT) abilities relative to others and how vital the technology will be for successful competition. Level 2 analyzes seven mutually exclusive benefits and disadvantages with scaled responses, resulting in either a positive or negative score. The combined analysis allows managers to reach an informed decision on whether to outsource. The outsourcing market is predicted to increase to \$27 billion by 1997 from \$10 billion in 1991.