Principles of Outsourcing

By Ron DiNapoli, October 11, 2010

INTRODUCTION

In May of 2010, the co-leaders for the IT Initiative of the “Re-imagining Cornell” effort published a vision statement for IT at Cornell into the future. The vision statement was specified as follows:

*The Cornell University information technologies (IT) community will function in a unified manner in the delivery and maintenance of academic, administrative and general campus IT services. The most appropriate standards, processes and procedures will be followed to meet the priorities of the university by using the most secure, efficient and effective means possible. The IT community will be responsive to the needs of its constituencies, be strategically aligned with the mission and direction of the university, and function as a unified, university-wide organization.*

Clearly, when we are talking about “The most appropriate standards, processes and procedures” in the context of IT the concept of outsourcing arises. While outsourcing can be used in ways that will help save money, there is also the potential for it to be utilized in ways that are both inefficient and disruptive. It should go without saying that any outsourcing endeavor should, in general, cost less than a similar effort done in-house and should make good business sense.

SCOPE

The term “outsourcing” can mean many things to many people. This document covers four types of outsourcing:

- Non-Cornell employees coming to work on-site
- Non-Cornell employees telecommuting to Cornell
- Use of “Software as a Service” vendors (such as VEPlan) to provide solutions to our community utilizing external resources..
- Use of “Infrastructure as a Service” vendors (such as Rackspace) to provide external resources that our staff can implement services on.

THE PRINCIPLES

While outsourcing may very well lessen the burden on current staff needing to implement IT solutions, it is not exempt from some of the classic problems that present themselves when implementing such solutions. Does the current system integrate well with other
systems? Is it usable by everyone who needs to use it? In some regards an outsourced solution can be a little more difficult to integrate into our current environment as we do not have as much control over the technology when compared to in-house implementations. While this should not deter us from investigating and pursuing outsourced solutions, we as an institution should adhere to the following principles in this domain:

1. A value proposition including a risk management assessment and exit strategy should be performed before entering into any outsourcing agreement.
2. A decision to outsource an application or service must be in line with Cornell’s strategic objectives.
3. Vendors who can exhibit long term viability and stability are preferred.
4. Outsourced solutions are subject to the same architecture principles as in-house solutions.
5. A contractual agreement for outsourced services should generally be based on a model contract approved by Cornell Legal and/or Purchasing. If not, Legal and/or Purchasing should individually vet the contract in question to insure that the University’s interests are protected.
6. An outsourcing agreement must adhere to Cornell policy such as, but not limited to: HR, Data Stewardship, IT Privacy and Security, Finance and Governance.
7. Vendors should be able to support applications and services in a manner commensurate with that service’s mission criticality.
8. The nature of accountability of vendors having access to Cornell data and systems must be clearly and explicitly addressed.

APPLYING THE PRINCIPLES

Whenever a new outsourced solution is being considered, it should be vetted against these principles before any agreement is finalized.

DEFINITIONS

The term “mission criticality” when used in the context of a service refers to a pre-established classification for the service that details how critical that service is to the operation of the University. This classification is also referenced in the “Principles of Architecture” and will either be defined by the CIT Process Improvement office or by the CIT Architecture Council. The term “Cornell’s strategic objectives” refers to a confirmed list of objectives in the areas that could be intersected by a given outsourcing endeavor. Such objectives may or may not exist at this time but it is assumed that, if they do, they are set outside of CIT.
MORE INFORMATION

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