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Global outsourcing of back office services: lessons, trends, and enduring challenges ≒

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Purpose

To identify key lessons, trends and enduring challenges with global outsourcing of back office services.

Design/methodology/approach

The authors extract lessons, project trends, and discuss enduring challenges from a 20 year research program conducted by these authors and their extended network of co-authors and colleagues.

Findings

The authors identify seven important lessons for successfully exploiting the maturing Information Technology Outsourcing (ITO) and Business Process Outsourcing (BPO) markets. The lessons require back office executives to build significant internal capabilities and processes to manage global outsourcing. The authors predict 13 trends about the size and growth of ITO and BPO markets, about suppliers located around the world, and about particular sourcing models including application service provision, insourcing, nearshoring, rural sourcing, knowledge process outsourcing, freelance outsourcing, and captive centers. The authors identify five persistent, prickly issues on global outsourcing pertaining to back office alignment, client and supplier incentives, knowledge transfer, knowledge retention, and sustainability of outsourcing relationships.

Originality/value

The authors present some experimental innovations to address these issues.

Keywords: Outsourcing, International business

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