

## Chapter 7

# Outsourcing to Cloud-based Computing Services in Higher Education in Saudi Arabia

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### ABSTRACT

*In recent years Saudi Arabia has made great strides in higher education. This paper looks at the higher education sector in Saudi Arabia with special emphasis on outsourcing to Software as a Service based email systems as a positive enabler of higher education. Outsourcing can be defined as the process of contracting services to a third party with financial and contractual terms to govern that provision. There are many advantages and disadvantages of outsourcing and many reasons why an organization might decide to outsource specific services. This chapter describes the information systems outsourcing trend towards cloud based solutions (particularly email) in the Saudi Arabian higher education sector over the last few years and discusses the implications of this trend.*

### INTRODUCTION

Outsourcing can be simply defined as the process of contracting to a third-party or “the purchase of a good or service that was previously provided internally” (Lacity & Hirschheim, 1993). Outsourcing is often viewed as the contracting out of a service to an external provider in exchange of payments. It involves two organizations signing a mutual agreement that defines services to be performed and financial terms that govern them. There are many advantages and disadvantages of outsourcing (Ketler & Walstrom, 1993). Moreover, there are different reasons why an organization might decide to outsource specific services

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or the production of certain goods. This chapter looks at outsourcing on information based technology services in higher education in Saudi Arabia, particularly the use of e-mail.

Outsourcing has taken on a new meaning in the last two decades for many industries. Many major companies have outsourced parts of their operations or selected projects and functions for many years (Quinn & Hilmer, 1994) and the growth in outsourcing has been exceptionally high as organizations and businesses have looked for cheap labor, cost saving measures, and greater work efficiency (Ketler & Walstrom, 1993). As a result, outsourcing is becoming more and more popular in today's global business era as most organisations nowadays outsource some of their operational services (Kakabadse & Kakabadse, 2005). Without outsourcing, these services would be otherwise carried out in-house, as it had been previously done. Generally speaking, companies usually outsource services and functions that are not core to their business (Arnold, 2000). So many organizations outsource at least some of their non-core functions or activities (Tastle et al., 2008). Large and small firms, particularly small businesses, can benefit greatly from outsourcing non-essential activities to better focus on high value core business. However, some companies are outsourcing highly critical applications. For most businesses, reducing costs might be realized with outsourcing business functions through lower-cost labor, proximity to major markets, and by eliminating overhead costs associated with operations. Also, outsourcing offers flexibility, with a clear focus on the outsourcing business and on developing its core business (Lankford & Parsa, 1999). With an increased focus in business direction, an improvement in quality might also be achieved. For some businesses, outsourcing can even bring new expertise and a competitive edge to its services, functions and products (Quélin & Duhamel, 2003).

With global business taking a lead in the twenty-first century, companies have sought to implement outsourcing as a cost-saving measure for tasks that a company requires but does not constitute to be a core business activity. Therefore, outsourcing allows a company to focus on its core competency by outsourcing non-core activities that generally consume a substantial amount of organizational time and budget and requires specialized skills and knowledge (Power et al., 2004).

## **IT Outsourcing**

In the information technology side of businesses, outsourcing has become commonplace (Lacity & Willcocks, 1998; Lee, Huynh et al., 2003). For example, the cost of information systems development is significantly cheaper in India than in the United States, so many American companies have outsourced some coding / application development to India (Bardhan & Kroll, 2003; Dossania & Kenney, 2007).

Another commonly outsourced IT function is customer service and support. Many Indian companies and universities have focused on training employees for the United States call center function, including accent negation, taking on American names, and keeping their employees familiar with American events such as sports (Poster, 2007). However some companies like Dell have actually brought some call center support functions back to the United States to cut the number of complaints they have received due to difficulty in language and cultural understanding.

Technical support has also been a major IT outsourcing trend from the US where call center support tends to be low-level support like resetting a password and giving users first level support. High level trouble shooting of technology and networks requires individuals with a high competency level and needs to be treated differently by outsourcing such functions to regions on high education. For instance the

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