INFO GB.3255: Global Sourcing and Open Innovation  
(Updated on May 1, 2012 - Draft)  
Fall 2012  
Prof. Natalia Levina


Scheduling:  
F/T Program: Sept. 11 - Dec. 11, 2012: Tuesdays 1:30-4:20pm  
Langone Program: Sept. 20 – Dec. 13, 2012: Thursdays 6-9pm

Instructors  
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Exporting of white-collar jobs is receiving increasing attention both at business and political levels. Whether you are a proponent or an opponent of this trend, you need to know how to make sound decisions about your global sourcing strategy. While the drive for global sourcing started with the focus on costs, increasingly organizations are looking to globally distributed talent for its expertise and innovation potential. This course focuses on global sourcing of professional services including examples from business process outsourcing (BPO), IT outsourcing (ITO), and Knowledge Process Outsourcing (KPO). The course covers three broad areas: (1) global sourcing models; (2) the design and implementation of a sourcing strategy; and (3) open innovation and crowdsourcing. It draws on economics and management theories as well as real-world examples from managerial practice. The goal is to help identify the challenges of global sourcing as well as the costs, risks, rewards, and strategies involved in sourcing decisions. The course is NOT focused on IT, but some good examples come from ITO industry among others.

Some of the topics covered are:
- Historical and economic perspectives on outsourcing and offshoring.
- Trade-offs among global sourcing models (Domestic Outsourcing, Offshore outsourcing, Domestic In-sourcing Captive Models).
- Developing a global sourcing strategy
- Sourcing in different geographies
- The vendor landscape (local/multinational, niche players/generalists)
- Legal Issues: Contracts, Taxes, IP, Privacy, Compliance
- Critical success factors in managing outsourcing relationships and distributed teams
- Outsourcing of Innovation-focused Work
- Crowdsourcing for Innovation

During the course we will analyze a number of case studies that highlight various issues that organizations deal with in developing a global sourcing strategy. The case studies will be based on real world examples and will illustrate the intersection of business rationale with human
Global Sourcing and Open Innovation
emotions. The course delivery format will be a mixture of instructor-led discussions and guest
speakers from vendor, client, consulting, and legal firms.

The Class
The format of the class will be 30% lecture and 70% class discussion. Good command of English
is imperative for succeeding in the class.

Assignments and Grading
Grading will be done on the basis of:

• Individual Assignments (30%)
• Group Projects (40 %)
• Discussion Contributions and In-class Exercises (30%)

There is no final in this class, but several in-class quizzes and case analysis will be done for
assessment.

In a spirit of mutual feedback, I am actively looking for your feedback on this course. Please feel
free to share your comments anonymously on the Discussion Board or just talk to me informally.
I will also collect more feedback in class.

Participation/Attendance/Timeliness:
This course is based on a model of active learning, with class discussions and exercises playing a
central role. Students are expected to read the assigned material, and to carefully prepare for all
cases and exercises, before coming to class.

Participation is measured by the ability of students to bring quality discussion in the class. You
should attend every class. In evaluating your class participation, I will consider (a) whether you
regularly contribute to class discussions and demonstrate that you are prepared for those
discussions, and (b) the extent to which your in-class comments demonstrate both relevance and
insight, help to move the discussion forward, and build upon the comments of others. Absence
and lateness will reduce your participation grade significantly. If you are concerned that a
difficulty with English or some other situation will interfere with your ability to participate,
please discuss this with me during the first week of the course. I will keep track of your
participation throughout the semester, and will be glad to provide you with feedback at any time.
I recognize that expressing viewpoints in a group is difficult for some people, but it is an
important skill for you to develop here at Stern. I will do what we can to make this as anxiety-
free as possible.

Assignments
The assignments are listed below and each session on Blackboard will further detail assignments.
They should be typed. Each assignment specifies how it should be submitted (e.g., blackboard,
email, vs. in-class) and whether it is individual or team-based. Late assignments will incur a
heavy penalty. If you have to miss a class due to unforeseen circumstances, I need to receive
your assignment before the due time electronically. You will also be asked to comment on case
assignments and rate team projects submitted by others (in the spirit of mutual learning).
Global Sourcing and Open Innovation

One of the assignments requires that you spent up to $25.00 of your own money.

Stern Honor Code should be followed in all assignments, projects, and exams.

**Laptop/Electronic Devices Policy:**
Because the class is heavily based in discussion, laptops and all other electronic devices should be turned off and stowed away during the class. *Anyone emailing, texting, or using any such mobile technology during class will be asked to leave.*

**Required Readings/Materials**
- **Course Pack** with cases and article
- Additional articles and cases available through Blackboard may be assigned for each class.

**Recommended Follow-up Readings for After the Class:**
- “The Handbook of Global Outsourcing and Offshoring” by Oshri, Kotlarsky, and Willcocks, 2nd edition (highly recommended)
- Offshoring Stories and Best Practices: “Globalization Wisdom” by Vashistha, 2009
- A hands-on guide on how to set up an outsourcing and vendor strategy and decide what is in and what is out “Multisourcing: Moving Beyond Outsourcing to Achieve Growth And Agility”, Cohen and Young, 2006

**Blackboard Site:**
This course is hosted on the Stern Blackboard site. Online discussion board would be used on occasion for discussions outside the classroom. Students are expected to check Blackboard site regularly (at least once a week).
# Global Sourcing and Open Innovation

## Schedule:

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<th>No</th>
<th>Date</th>
<th>Session Title</th>
<th>Readings/Speakers</th>
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<tr>
<td>1</td>
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<td>Big picture:&lt;br&gt;Globalization of Service Delivery:&lt;br&gt;-Historical &amp; Theoretical Views&lt;br&gt;- Economics &amp; Politics of Offshoring&lt;br&gt;- Crowdsourcing</td>
<td>- W. Baumol and R. Gomory&lt;br&gt;- Tom Friedman, NYT article&lt;br&gt;- Chesborough and Garman, HBR</td>
<td>IND: On Blackboard: Respond to questions describing your background and views on global sourcing</td>
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### Before you sign the contract

| 2  |      | Sourcing Models:<br>- Insource vs. Outsource<br>- Multisourcing | - P&G Case (HBS)<br>- SMR, W. McFarlan and R. Nolan<br>- Levina and Su on Multisourcing | IND: Prepare the “Procter & Gamble” Case |

### Vendors and Geographies

| 3  |      | Vendors and Geographies | - Bharti-Airtel Case<br>- Levina and Ross, 2003 (Speaker: Vendor Representative) | IND: Prepare “Bharti-Airtel” Case |

### Developing an Off-shoring Strategy

| 4  |      | Developing an Off-shoring Strategy | - Aaron & Singh, HBR<br>- Aaron & Clemons | IND: Offshore Strategy Exercise<br>TEAM: Geography Project Part I Due |

### Contracting out the Innovation

| 5  |      | Contracting out the Innovation (Speaker: Innovation Consultancy)<br>- Feed R&D Case<br>- Chesbrough & Teece, HBR<br>- Chesbrough & Appleyard, CMR | | IND: Prepare “Feed R&D or Farm It Out” Case |

### Implementing Outsourcing: Contracting, Change Management, and Governance

| 6  |      | Implementing Outsourcing:<br>Contracting, Change Management, and Governance | - Mani, et al., 2006<br>- Additional readings on blackboard (Speaker: Client Side Manager) | TEAM: Geography Project Part II (Elance Results) Due |

### Managing Globally Distributed Teams across Time, Space, and Culture

| 7  |      | Managing Globally Distributed Teams across Time, Space, and Culture | - Siebdrat et al., “How to Manage Virtual Teams”<br>- Levina, FSO<br>- Explore [http://geert-hofstede.com](http://geert-hofstede.com) | TEAM: Geography Project Part III (Rate Others) Due<br>- Fill out Cultural Intelligence questionnaire |

### Trends in Global Sourcing

<p>| 8  |      | KPO Landscape Presentations | | TEAM: Prepare in-class presentations on different types of Knowledge Process Offshoring (Legal, Financial Analysis, Radiology Services, Pharma/BioTech Research, KPO) |</p>
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<tr>
<td>9</td>
<td>- Legal Issues in Global Sourcing&lt;br&gt;- Crowdsourcing of Innovation</td>
<td><strong>Speaker: Lawyer specializing in Outsourcing</strong>&lt;br&gt;- Legal Topic Reading on Blackboard&lt;br&gt;- Innocentive Case&lt;br&gt;- Lakhani and Boudreau, SMR</td>
<td><strong>IND: Innocentive Case Study</strong></td>
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<td>10</td>
<td>- Crowdsourcing Platforms&lt;br&gt;- Cloud Computing</td>
<td><strong>IND: OpenIDEO Case</strong></td>
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<td>11</td>
<td>Crowdsourcing Project Presentations and Discussion</td>
<td><strong>IND: OpenIDEO Case</strong></td>
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<td>12</td>
<td>- Global Sourcing in Manufacturing&lt;br&gt;- Jobs and the Economy</td>
<td><strong>TEAM: Prepare Crowdsourcing Platform Presentation</strong></td>
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<td><strong>Prepare for in-class final case analysis</strong>&lt;br&gt;- Rate your job on Blinder Scale</td>
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