MASTER'S THESIS

Aligning for success: a case study on IT-outsourcing

van de Wouw, Jan

Award date:
2024

Aligning for success: a case study on IT-outsourcing.

Opleiding:	Open Universiteit, faculteit Betawetenschappen Masteropleiding Business Process Management & IT
Degree programme:	Open University of the Netherlands, Faculty Science Master of Science Business Process Management & IT
Course:	IM0602 BPMIT Graduation Assignment Preparation IM9806 Business Process Management and IT Graduation Assignment
Student:	Jan van de Wouw
Identification number:	
Date:	October 14th, 2024
Thesis supervisor	Mr. Harry Martin
Second reader	
Third assessor	N/A
Version number:	1.0
Status:	Final version

Abstract

This thesis explores the alignment of interests, commitment, and processes in IT outsourcing relationships. The research focuses on how sourcing partners achieve and maintain alignment to ensure the continuity of their collaboration. The study examines a real case involving a Dutch global shipbuilder and an Indian IT service provider, highlighting the complexities of their collaboration. The research addresses both theoretical and practical perspectives, providing insights into the mechanisms that drive successful IT outsourcing. Key findings include the importance of trust, open communication, and mutual dependencies in achieving alignment. The study also emphasizes the need for a balance between contractual, relational and operational governance to manage uncertainties and risks. The research contributes to the existing literature by filling gaps related to alignment processes and activities, offering practical knowledge for organizations engaged in IT outsourcing. The findings are particularly relevant in the context of the growing IT outsourcing market, driven by digital transformation and the need for specialized IT services. This thesis provides valuable insights for both scholars and practitioners, aiming to enhance the understanding of alignment in IT outsourcing and its impact on the success and retention of outsourcing relationships.

Key terms

IT outsourcing, alignment, trust, governance, three realms,

Summary

Introduction: Since the 1980s, outsourcing IT has become a widespread practice. It started out to save money and has since developed into a more strategic relationship with the goal of offering innovative solutions and the creation of value. For these partnerships to succeed and continue, there must be alignment between the service provider and the customer. If there is not, misalignment can result in strained relationships, missed opportunities, and failed outsourcing collaboration.

Research Objective: The primary research question addressed in this thesis is: "How do sourcing partners achieve and maintain their alignment of interest, commitment, and processes to perpetuate the continuity of their collaboration?" The study aims to fill the gap in literature by providing a detailed description of alignment mechanisms and their effectiveness.

Theoretical Framework: Two distinct theories provide the foundation for this study. The first model, known as the three realms model, encompasses the contractual, relational, and operational aspects of an outsourcing partnership. This model demonstrates how changes in one domain can impact the other two domains, ultimately affecting the overall governance and management of the outsourcing partnership. The second theory, signaling theory, describes how parties with different information can communicate to reduce information asymmetry and promote mutual understanding. By combining these two theoretical frameworks, the research offers a more in-depth and comprehensive examination of the dynamics involved in achieving and sustaining alignment among sourcing partners.

Methodology: The study employed a qualitative case-study approach, involving a detailed examination of the collaboration between a Dutch global shipbuilder and an Indian IT service provider. Data collection methods included a comprehensive document study, as well as in-depth interviews with key stakeholders from both parties. These efforts resulted in a detailed event log that documented the various alignment interactions between the customer and service provider in much detail, including an analysis of the consequences for the level of trust between the partners.

Key Findings:

1. Successful sourcing partnerships require alignment across contractual, relational, and operational dimensions. Misalignment in any of these areas can lead to friction, misunderstandings, and ultimately damage the partnership's success.
2. Alignment is only realized when both parties think a topic is worthwhile aligning on. Both partners must proactively invest time and effort to understand the impact activities have on the other party to adapt to evolving needs and circumstances.
3. Trust, communication and the strengthening of the relational realm play a crucial role in alignment. Misunderstandings and issues can quickly result in distrust and a perceived lack of transparency. Relationship management and open communication are essential for successful sourcing partnerships.
4. Alignment has the same pattern: (1) discussion, (2) recognition or understanding and (3) deciding on the way forward. If one of these three activities is not taking place, alignment cannot be made, and the alignment process starts over again.
5. Making sure the other party understands what is happening and why is essential in keeping up trust in the outsourcing relationship. Alignment is mostly explaining what happened, understanding why a party acted like it did and what parties' impact was on the situation. Gaining understanding often immediately helped bringing back the trust to align on future steps.

Case Study: The case study examines the collaboration between a Dutch global shipbuilder and an Indian IT service provider, which began in 2018. This partnership highlights the complexities and successes of aligning the interests, commitment, and processes of the two organizations operating in a culturally diverse and geographically dispersed context. The case study provides insights into how the partners collaborated to navigate an existing outsourcing partnership during the transition to an agile way of working. They bridged numerous issues and misunderstandings, aligning on important aspects to foster a successful and sustainable outsourcing relationship.

Conclusion: The thesis concludes that to maintain the continuity of their collaboration, sourcing partners must deliberately and consistently invest in relational, contractual, and operational governance alignment. Alignment can only be achieved and maintained through a diverse strategy. Using comprehensive contracts, governance frameworks, and performance management, formalize alignment. Establishing relationships, encouraging understanding and respect for one another, and working together to solve problems are all ways to cultivate relational alignment. Through frequent check-ins, gatherings, sharing of knowledge, ongoing improvement, and acknowledging accomplishments, are ways to sustain operational alignment over time.

Recommendations: Future research could explore a wider range of case studies in diverse industry and geographic contexts, utilizing additional data sources such as performance data, financial records and third-party observations, to gain a more comprehensive and nuanced understanding of alignment in IT outsourcing partnerships. Investigating the role of cultural differences, and how they influence the alignment process could provide valuable insights to enhance the sustainability and success of these collaborations.

Contents

1. Introduction

1.1. Background

IT-outsourcing has been around since the 1980's and has been researched extensively over the last decades (Könning et al., 2019; Lacity et al., 2010). Managing outsourcing requires proper governance mechanisms to both coordinate activities and build on trust and commitment. Setting up and aligning both contractual and relational governance is still an intricate issue. If not managed well this is often a major reason many IT-outsourcing deals ultimately fail.

This research focuses on the question *"How do sourcing partners achieve and maintain their alignment of interest, commitment and processes to perpetuate the continuity of their collaboration?"*

On the one hand, this is an exploratory question where we will look at a real case on how sourcing partners in an IT outsourcing measure or assess the "alignment of each other's interests, commitment and processes." On the other hand, "measuring and assessing" also presupposes a normative question. It would be of an added benefit if this study would allow to assess the outsourcing relationship to make a qualitative judgment about it or at least give indications on which aspects of the relationship need improvement.

A typical example of the alignment issue above can be found at a Dutch global shipbuilder that outsources a substantial part of their IT to an Indian IT service provider. This collaboration is essential for the shipbuilder, as the provider supports primary business processes based on the IT services provided by the Indian partner. This is an extraordinarily complex collaboration with culturally vastly different partners, where more than 200 people from the Indian service provider have to work together remotely and physically with about 100 Dutch IT people to deliver the IT services to the company. This outsourcing started in 2018 and both partners recently (2023) renewed the contracts for another five years. A small part of the work consists of some more routine work in IT maintenance but most of the work consists of agile development and introduction of innovative technology to create business value for the shipbuilder. Work that is more complex, less predictable and often specific to a chosen technology.

This study reports on how alignment in the three mentioned areas (interests, commitment and processes) is achieved viewed from both a theoretical point of view in the form of a literature review and a practical point of view in which alignment is given practical shape.

1.2. Exploration of the topic

IT outsourcing has been defined as contracting with third party service providers for the provision of some or all an organization's IT functions like recurring activities, processes or services (Goo et al., 2009). Whereas in the 1980s and 1990s it focused mainly on outsourcing simple activities to achieve cost savings, since the turn of the century it has been used much more strategically to create value (Elmuti, 2003; Hormozi et al., 2003). With that, IT-outsourcing is evolving into a collaboration that consists much more of non-routine activities that are difficult to specify in detail in a contract and usually takes ample time to mature to meet the goals of both the service provider and the customer.

The importance to the customer of the service delivery is therefore becoming more strategic in nature. Cost savings, focus on own operations and access to expertise and skills are the main reasons while trust, open communication and sharing of information, mutual dependencies and cooperation all have positive relations with IT-outsourcing success (Lacity et al., 2009). McEvily & Tortoriello (2011) have consolidated literature on trust in interorganizational relationships to define trust in terms of three key characteristics: integrity (the belief that the trustee adheres to a set of principles that the trustor finds acceptable), ability/competence ((trustee has the skills, competencies and characteristics that enable them to have influence in a specific domain) and benevolence (the trustee is believed to want to do good for the trustor, beyond a egocentric profit motive). (Langfield-Smith & Smith, 2003) mentioned that trust is the dominant mechanism for achieving control in an IT-outsourcing with low levels of task-programmability and measurability and high asset specificity. They listed three forms of trust. Contractual trust is trust that the other party will honour the agreement, competence trust is is the expectation of technically competent role performance and goodwill trust is the perception of a partner's intention to perform in accordance with the agreement. Sabherwal (1999) defined different forms of trust in the relational domain, including trust in each other's knowledge and experience, trust in each other's goals (interests and commitment), trust based on relationship and network, and trust based on reward and punishment. In an outsourcing relationship, the sourcing partners have different objectives and therefore different interests. Traditionally, the customer is looking for maximum service for minimum cost, while the provider generally wants to deliver acceptable quality at maximum margin. Thus, the interests do not necessarily converge which requires alignment. Sabherwal (1999) and Langfield-Smith & Smith (2003) therefore all indicate that trust alone is insufficient and that, in addition, sufficient structural controls must be used such as contract, demos, quality assessments, etc.. Leeman & Reynolds (2012) have developed a conceptual framework that shows that the operational competence, communication and benevolence experienced by the customer has a positive relationship on trust and thus contributes to the customer's commitment and thus to the continuity (retention) of the relationship.

IT outsourcing has been much studied, specifically the contractual and relational domain. Lacity & Willcocks (1998) have examined various aspects of the contract and concluded that in general larger contracts, shorter-term contracts and contracts on an after-the-fact basis are more likely to be successful. Langfield-Smith & Smith (2003) concluded that uncertainty in the work to be delivered drives the need for a more open type of contract. Cao et al. (2013) describes that contractual governance helps efficiency in an outsourcing relationship, while relational governance helps meet changing business needs. Kern & Willcocks (2000) and Poppo & Zenger (2002) found that a combination of contractual governance and relational governance has the highest probability of success. Since no one can predict the future, a contract is incomplete by definition, since not all occurring situations can be described. The literature agrees that a balance between the two is essential for successful collaboration, but there is limited understanding of how to achieve this balance (Cao et al., 2013).

Alignment of interest, commitment and processes is essential in IT outsourcing. Interest is aligned in the contractual domain, commitment appears in the relational domain and processes are aligned in the operational domain. Vosselman & Verstegen (2009) defined the 3 realms model describing these domains and showed that changes in one domain have an impact on the other two domains. This

model describes the impact of each of the domains on each other and the impact on the overall governance to achieve successful IT outsourcing.
Finally, (Jayaraman & Liu, 2019) conducted extensive research on specifically Indian service providers and the use of contractual, relational and operational governance control mechanisms and the impact on outsourcing success. They concluded that operational governance mechanisms drive operational performance while a combination of contractual and relational governance mechanisms help to reduce risk of opportunism and drive commitment and trust.

1.3. Problem statement

An IT outsourcing relationship in which new products are jointly developed is complex in nature and has several aspects that affect the success of the collaboration. Despite the increasing management complexity, there are many organizations that for several reasons (cost advantages, focus on their own business, etc.) decide to outsource a significant part of their IT as the benefits outweigh the downsides. The challenge that all these organizations face is to manage the relationship in such a way that their strategic goals are met.

The problem here is that organizations that want to realize a successful outsourcing relationship must find a good balance in the application of sufficient governance controls in three areas, namely contractual, relational and operational. Customer and service provider can together decide to define as much as possible upfront in the contract to limit uncertainty and risk, however trust can be characterised as an alternative uncertainty absorption mechanism to providing increased information (Langfield-Smith & Smith, 2003) Customer and service provider could therefore also decide to manage more on trust in the relational realm and less on contract in the contractual realm. Finding this balance is often difficult, especially in the situation of offshoring where the service provider operates in a culture foreign to the customer.

1.4. Research objective and questions

This research focuses on the question "How do sourcing partners achieve and maintain their alignment of interest, commitment and processes to perpetuate the continuity of their collaboration?"

To answer this research question, several sub questions have been defined to answer this research question:

1. What do we mean by alignment and the three alignment categories in particular?
2. What formal and informal processes or activities can sourcing partners employ to reach alignment on interests, commitment and operation?
3. How can you detect these processes or activities and interpret the consequences specifically on success and retention?

Questions 1 will be answered through researching literature. Hopefully, a part of question 2 and 3 can also be answered. By doing empirical research, possible gaps found in the literature on question 2, and 3 will be answered.

1.5. Motivation/relevance

There is both a scientific and a practical reason for doing this research. The scientific reason is to fill the gap found in literature on alignment. Although literature recognized the need for alignment between a service provider and a customer, there's no detailed description of how to align on interest, commitment and operations. Therefore, there is much uncertainty on what concrete mechanisms work in which situation.

The practical reason has to do with the growth in IT outsourcing and with this the need for practical knowledge on alignment. Despite a decline in the IT outsourcing market in former years, IT outsourcing is definitely on the rise again since the pandemic in 2020. The IT outsourcing market is predicted to grow with 11% year-over-year according to Gartner resulting in a market volume of US$ 778 bn. in 2028. The digital transformation requires companies all over the world to transform their operations, business models, customer interactions and products and services in the digital space. That means more and more companies have to strike the right balance in the application of sufficient governance controls in their alignment with their sourcing partners. The labour market in Western Europe, especially for IT specialists, is very tight and will probably remain so for several years. If companies want to continue to grow while transforming digitally, they will only succeed if they outsource (parts of) the maintenance and development of their IT environment to specialized IT service providers. It is therefore valuable to deepen and extend the knowledge on the 3-realms model specifically on the effectivity of the alignment processes and activities.

1.6. Main lines of approach

In chapter 2 the theoretical framework is further developed. It describes the research approach for the literature review and presents the results on the sub questions. Broadly, the relation to the follow-up research will be given. In chapter 3 a detailed explanation of the empirical research will be given. It describes the research design, and the methods used. In chapter 4 the results of the research will be described, and chapter 5 holds the conclusion, discussion and recommendations for practice and further research.

2. Theoretical framework

This research focuses on the question "How do sourcing partners achieve and maintain their alignment of interest, commitment and processes to perpetuate the continuity of their collaboration?"

To answer this research question, several sub questions have been defined to answer this research question. The questions that will be researched in literature are:

1. What do we mean by alignment and the three alignment categories in particular?
2. What processes or activities can sourcing partners develop to reach alignment on interests, commitment and operation?
3. How can you detect these process or activities and interpret the consequences specifically on success and retention?

2.1. Research approach

The literature review is performed in a structured and systematic approach and documented rigourously as described by (Vom Brocke et al., 2009). Before the actual literature research is performed, a search scope is defined based on the scoping table of Cooper et al. (2021) and a conceptualisation is made of the research questions at hand. This conceptualisation forms the input for the keywords together with a conceptual model to guide the search.

2.1.1. Scoping

In table 1 the scope of the literature study is defined based on Coopers (2021) framework.

Characteristics	Categories			
Focus	Research Outcomes	Research methods	Theories	Applications
Goal	Integration	Criticism	Central Issues	
Organisation	Historical	Conceptual	Methodological	
Perspective	Neutral Representation		Espousal of position	
Audience	Specialised Scholars	General Scholars	Practicioners/politicians	General Public
Coverage	Exhaustive	Exhaustive and selective	Representative	Central/pivotal

Table 1: Scoping tabel according to Cooper (2021).

The scope for the literature search is primarily focused on finding research outcomes, theories, and applications of research, with the aim of synthesizing literature on the relevant concepts or topics. A neutral representation will be provided, addressing both scholars and practitioners. The search will not attempt to assess all available literature, but rather will focus on obtaining a representative sample of articles per topic.

2.1.2. Conceptualisation

In line with the research of Vom Brocke et al. (2009) a conceptualisation of the research questions has been defined in figure 1. In the conceptualisation a complete relationship diagram is drafted to cover the research questions from the alignment (question 1) processes and activities (question 2) and the impact of the activities on outsourcing success (question 3) and thus retention of the outsourcing contract.

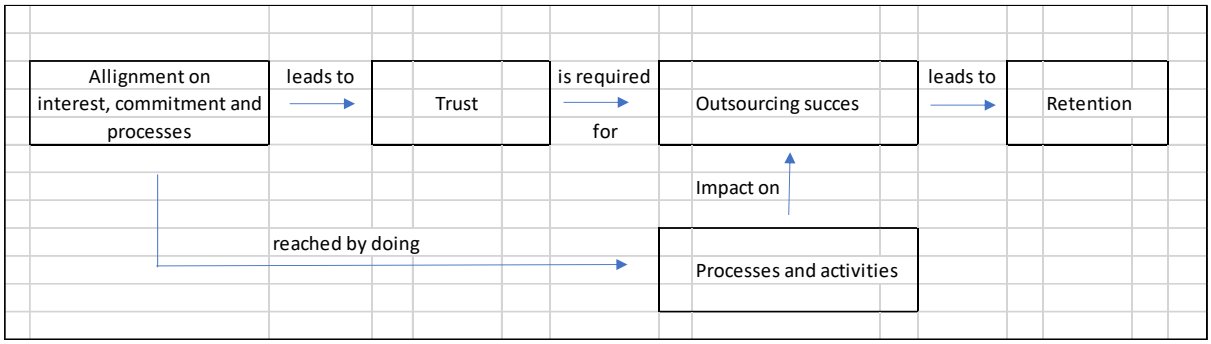

Figure 1: Conceptualisation of search according to Vom Brocke et al. (2009)

2.2. Implementation

The article of Vosselman & Verstegen (2009) on the three realms model and the article of Langfield-Smith & Smith (2003) on management control systems and trust was handed out by our tutor as these were regarded as the base article this research should be based upon.

In order to get a thorough understanding of the IT outsourcing literature, research has been found using the Open universiteit Library Portal with the following search query executed on November 8th 2023:

(\(SubjectTerms:\(IT outsourcing\)\)) AND (TitleCombined:(review)) AND (TitleCombined:(research)
Peer reviewed: yes

This query led to 30 results. Out of the 30 articles, 2 articles did have literature and analysis in the title: Könning et al. (2019) and Lacity et al. (2010). After reading the articles extensivly also the update written by Lacity et al. (2016) and the article written by Dibbern et al. (2004) were taken into account as well. After analysing these four general articles on literature written on IT outsourcing, the following search terms have been selected to generate search queries. This led to the following queries to be executed on November 8th 2023 on Open Universiteit library search engine with peer reviewed checked:

(\(SubjectTerms:\(IT outsourcing\)\)) AND (TitleCombined:(contractual governance))	*13*
(\(SubjectTerms:\(IT outsourcing\)\)) AND (TitleCombined:(relational governance))	*21*
(\(SubjectTerms:\(IT outsourcing\)\)) AND (TitleCombined:(trust))	*83*
(\(SubjectTerms:\(IT outsourcing\)\)) AND (TitleCombined:(commitment))	*46*
(\(SubjectTerms:\(IT outsourcing\)\)) AND (TitleCombined:(alignment processes))	*1*

Identification : Terms = IT outsourcing and Title contains keyword. N = 164.
Screening : Articles left after screening title/abstracts on being on topic. N = 36. All 128 articles with topic combination different then IT outsourcing, contractual or relational governance, trust or commitment were skipped.
Inclusion : 36 Articles left for full reading and eliminated on reason:
Topic wrong: Alignment between business and IT: N = -12
No access to article: N = -3

That leaves 21 articles that were found and deemed usefull for this research:

2 articles handed out by tutor:

Vosselman, E., & Verstegen, B. (2009). *Contractual, relational and operational responses to control problems in interfirm transactional relationships: an integrated framework*.

Langfield-Smith, K., & Smith, D. (2003). Management control systems and trust in outsourcing relationships. *Management Accounting Research*, *14*(3), 281–307. https://doi.org/10.1016/S1044-5005(03)00046-5

4 general articles on literature written on IT outsourcing

Dibbern, J., Goles, T., Hirschheim, R., & Jayatilaka, B. (2004). *Information Systems Outsourcing: A Survey and Analysis of the Literature*. http://www.outsourcing.com

Könning, M., Westner, M., & Strahringer, S. (2019). A Systematic Review of Recent Developments in IT Outsourcing Research. *Information Systems Management*, *36*(1), 78–96. https://doi.org/10.1080/10580530.2018.1553650

Lacity, M. C., Khan, S. A., & Willcocks, L. P. (2009). A review of the IT outsourcing literature: Insights for practice. *Journal of Strategic Information Systems*, *18*(3), 130–146. https://doi.org/10.1016/j.jsis.2009.06.002

Lacity, M. C., Khan, S. A., & Yan, A. (2016). Review of the empirical business services sourcing literature: An update and future directions ra. In *Journal of Information Technology* (Vol. 31, Issue 3, pp. 269–328). Palgrave Macmillan Ltd. https://doi.org/10.1057/jit.2016.2

6 Articles found through keyword search:

Leeman, D., & Reynolds, D. (2012). Trust and outsourcing: Do perceptions of trust influence the retention of outsourcing providers in the hospitality industry? International Journal of Hospitality Management, 31(2), 601–608. https://doi.org/10.1016/j.ijhm.2011.08.006

McEvily, B., & Tortoriello, M. (2011). Measuring trust in organisational research: Review and recommendations. *Journal of Trust Research*, *1*(1), 23–63. https://doi.org/10.1080/21515581.2011.552424

Moorman, C., Zaltman, G., Deshpande, R., Churchill, G., Jaworski, B., & Smith, D. (1992). Relationships Between Providers and Users of Market Research: The Dynamics of Trust Within and Between Organizations. In Journal of Marketing Research: Vol. XXIX.

Poppo, L., & Zenger, T. (2002). Do formal contracts and relational governance function as substitutes or complements? Strategic Management Journal, 23(8). https://doi.org/10.1002/smj.249

Rai, A., Keil, M., Hornyak, R., & Wüllenweber, K. (2012). Hybrid relational-contractual governance for business process outsourcing. Journal of Management Information Systems, 29(2), 213–256. https://doi.org/10.2753/MIS0742-1222290208

Wicks, A. C., Berman, S. L., & Jones, T. M. (1999). The Structure of Optimal Trust: Moral and Strategic Implications. In *Source: The Academy of Management Review* (Vol. 24, Issue 1). https://www.jstor.org/stable/259039?seq=1&cid=pdf-

After reading these twelf articles in detail, through snowball search eight additional articles were found, deemed relevant and included in the search results.

9 articles through snowball search

Bromiley, P. (1996). The Organizational Trust Inventory (OTI): Development and Validation. https://www.researchgate.net/publication/232553329

Cao, L., Mohan, K., Ramesh, B., & Sarkar, S. (2013). Evolution of governance: Achieving ambidexterity in IT outsourcing. *Journal of Management Information Systems*, *30*(3), 115–140. https://doi.org/10.2753/MIS0742-1222300305

Elmuti, D. (2003). The Perceived Impact of Outsourcing on Organizational Performance. American Journal of Business, 18(2). https://doi.org/10.1108/19355181200300010

Gewald, H., & Helbig, K. (2006). A Governance Model for Managing Outsourcing Partnerships: A View from Practice.

Goo, J., Kishore, R., Rao, H. R., & Nam, K. (2009). The Role of Service Level Agreements in Relational Management of Information Technology Outsourcing: An Empirical Study Quarterly: The Role of Service Level Agreements in Relational Management of Information Technology Outsourcing: An Empirical Study1. In Source: MIS Quarterly (Vol. 33, Issue 1).

Jayaraman, V., & Liu, Z. (2019). Aligning governance mechanisms with task features to improve service capabilities---an empirical study of professional service outsourcing in India. Operations Management Research, 12(1–2), 19–39. https://doi.org/10.1007/s12063-019-00141-z

Kern, T., & Willcocks, L. (2000). Exploring information technology outsourcing relationships: theory and practice. www.elsevier.com/locate/jsis

Mohr, J., & Spekman, R. (1994). Characteristics of Partnership Success: Partnership Attributes, Communication Behaviour, and Conflict Resolution Techniques. In Management Journal (Vol. 15, Issue 2).

Speklé, R. F. (2001). *Explaining management control structure variety: a transaction cost economics perspective*. www.elsevier.com/locate/aos

2.3. Results and conclusions

Transactional Cost Economics (TCE) theory is often used as a basic concept for setting up the most efficient level of governance (Van Der Meer-Kooistra & Vosselman, 2000) in interfirm transactions (e.g., IT-outsourcing). IT-outsourcing with low levels of task programmability, low levels of output measurability and high asset specificity mostly use trust-based control mechanisms as other controls are very labour intensive or not even possible. High asset specificity is defined by Speklé (2001) as the degree to which an asset can be redeployed to alternative use without sacrifice of productive value.

2.3.1. Alignment and the three alignment categories.

Alignment in IT-outsourcing is the process of ensuring that the interests, commitments and operations are aligned with the outsourcing provider (Vosselman & Verstegen, 2009). This is not only required to simply make the outsourcing work but also to manage the opportunistic behaviour risk, the risk that one party is not acting in the interest of the joint cooperation but seeks self-interest at the expense of the other parties.

Each party will have, by definition, different interests in the relationship as goals and expectation also differ. E.g., the customer is seeking good service against acceptable cost while the service provider is seeking to make a certain margin on the contract. As parties value the relationship more, they will be inclined to show commitment to the relationship. Moorman et al. (1992) defined commitment as an enduring desire to maintain a valued relationship. Parties go above and beyond and feel an obligation to make the relationship succeed. A functioning outsourcing relationship requires processes, activities, coordination and communication on both sides to take place in harmony. This requires parties to form a joint operation to deliver the agreed deliverables. Alignment on all these three categories is therefore essential to build trust and make the IT-outsourcing successful.

2.3.2. Processes to reach alignment.

Alignment of interest is done through contracting, where parties interact and negotiate to make formal agreements. Rai et al. (2012) have defined goal expectations, activity expectations and flexibility as prime factors to be defined. Kern & Willcocks (2000) defined in the outsourcing relationship model the contractual factors to be specified as products/service exchange, financial exchange, service enforcement & monitoring, communication/information exchange, and key personnel and dispute resolutions. Clarity on these factors drive efficiency in the outsourcing (Cao et al., 2013). During contracting, parties try to foresee the future and mitigate any foreseeable conflicts of interests through defining contractual clauses in a solid contract. Potential opportunistic behaviour is the main control problem to be solved, according to Vosselman & Verstegen (2009). However, not all situations can be foreseen and put in a contract. Furthermore, because of the complexity and uncertainty, it is unrealistic to expect that all important aspects of the operation and relationship could be specified and incorporated in a contract (Speklé, 2001). Therefore, contractual alignment alone is not enough.

Alignment of commitment is done through relationship management. Parties interact with the intention to show their commitments to act in the interest of the relationship and not behaving opportunistically for short term benefits, specifically for issues that come up and cannot be settled via the contract. Kern & Willcocks (2000) defined cultural adaptation of organization & staff, investments in resources, knowledge and time, shared, adapted & reinforced vision and building social & personal bonds as the prime factors in the relational space. Rai et al. (2012) defined information exchange, building trust and conflict resolution as the prime factors in this space. Cao et al. (2013) mentioned that relational mechanisms are considered to provide a way to reduce transaction costs imposed by the contractual governance by using key social processes such as flexibility, solidarity, and information exchange.

In order to make the IT-outsourcing work and perform, alignment of operations needs to take place in the operational realm where development, planning, coordination and execution of the work between the customer and the service provider takes place in order to deliver the desired products and services. Gewald & Helbig (2006) mentioned having the right team at the right levels in the respective organizations will be cornerstone for building strong relationships, specifically teams that collaborate operationally on interdependent deliveries and performance improvements. Where the contract shows an interest to act, and the relation realm shows commitment to act this operational realm shows parties actually act in the interest of the relationship.

Although many researchers have defined concepts and general ideas on the various types of alignment as written above, no complete or consistent list of processes or activities for alignment have been found in literature, let alone a detailed descriptions of (some of) these processes or any correlation between executing these processes and succeful IT outsourcing as a result. Some researchers have listed but a few business processes or activities used for alignment in their research. E.g., Gewald & Helbig (2006) defined managing communications between parties involved, engaging in joint planning, joints reviews and dispute resolution and Vosselman & Verstegen (2009) mentioned development, planning, co-ordination, execution and monitoring of operations while Rai et al. (2012) mentions a.o. exchanging information, conflict resolution and setting goal expectations. The reason these processes were mentioned was to explain concepts on alignment in the research. Literature recognizes the need for alignment, however not having a detailed description of how to align on interest, commitment and operations, is a gap in the literature. Therefore, there is much uncertainty on what concrete mechanisms work in which situations.

2.3.3. How to detect these processes and interpret the consequences on retention.

The main factor that all the alignment activities should lead to besides agreement on the way forward is the building of trust. Trust has been defined by (Mohr & Spekman, 1994) as the belief that a party's word is reliable and that it will fulfill its obligation as stipulated in the agreement, by acting predictably and fairly. The fairness encompasses both the perceived fairness on the outcomes received as well as the perceived fairness of supplier's process for managing the relationship. Trust is seen by some researcher (Wicks et al., 1999) as an uncertainty absorption mechanism to providing increased information. So trust helps lower the governance costs in managing the relationship as less information is required, since trust is already in place that operations run according as agreed. . Bromiley (1996), who specifically researched interorganizational trust, conceptualized trust as a common belief among a group of individuals that another individual or group (a) makes good-faith efforts to behave in accordance with any commitments both explicit or implicit, (b) is honest in whatever negotiations preceded such commitments, and (c) does not take excessive advantage of another even when the opportunity is available. This fully aligns with the three realms model of (Vosselman & Verstegen, 2009) where honesty in exchange is build in the contractual realm, make good-faith efforts trust is build in the operational realm and limited opportunism trust is build in the relational realm.

According to Dibbern et al. (2004), outsourcing succes can be viewed either as satisfaction, the realization of objectives (e.g., cost savings), or the performance of processes/operations that are outsourced. Kern and Willcocks (2000) state that satisfaction in the outsourcing relationship will come about naturally with the achievement of the client's expectation. The expectation is set in a contract (services, SLA's, deliverables), but will also depend on how the supplier reacts and responds to demands and changes made by the client's end-users en the perception of this (trust) at the customer side. Although the client's expectation is drafted in an SLA, it should be noted that this expectation is often defined by a very small group of people who tried to translate business requirements into a SLA, but that doesn't always mean that meeting expectations automatically leads to satisfaction for the broader organization and thus retention of the contract. Flexibility from the supplier side on changed perceptions of satisfaction remains important.

In literature an overwheling number of articles can be found on the concept of the various forms of trust and how this concept is related to satisfaction and realizing succesful IT-outsourcing. As concluded in the previous paragraph, there's a gap in literature on detailed descriptions of alignment processes. This gap therefore extends to how to interpret the consequences of performing these alignment processes in the various realms and the relation to the building of trust, which is essential for succes and retention.

2.4. Objective of the follow-up research

This research focuses on the question "How do sourcing partners achieve and maintain their alignment of interest, commitment and processes to perpetuate the continuity of their collaboration?"

Since sub question 1 is now answered through literature study, questions 2 and 3 remain for empirical research. As described, the literature review has revealed a knowledge gap on what concrete mechanism on alignment work in which situation. Furthermore, from the literature it became very clear that trust is the most important factor for success and retention. However, to link alignment activities to retention would be very difficult as for retention many more factors could be at play. E.g., a competitor wants to buy the contract and offers a much lower price, because of which the contract will not be retained. Before trying to answer the generic initial questions, we better focus on more specific cases to observe and learn from current practices about the mechanics of real alignment processes, Therefore, the two remaining sub question will be slightly changed:

2. OLD: What processes or activities can sourcing partners develop to reach alignment on interests, commitment and operation?
3. OLD: How can you detect these process or activities and interpret the consequences specifically on success and retention?

2. NEW: What alignment mechanisms work in situations of conflict resolution to reach alignment on interests, commitment and operation?
3. NEW: How can you detect these mechanisms and interpret the consequences specifically on the building of trust?

Knowledge found through this research would be valuable as it would fill gaps in the current literature. At the same time, it would be very useful for practitioners in the field to understand in much detail how alignment can be reached, including the impact on successful IT outsourcing and retention.

3. Methodology

In the previous chapter, a gap in the literature has been discussed, concerning how to detect processes on alignment and interpret consequences on building trust. In this section, a substantiation for the empirical research needed to answer the questions posed, will be provided.

3.1. Conceptual design

The conceptualization of alignment in this study is based on the signalling theory initially described by Spence (1973) and later reviewed by (Connelly et al., 2011). Signalling theory is a framework useful for describing behaviour when two parties have access to different information. A signal is defined as a message that is sent by one party to another to communicate its intentions and expectations. Signals can be honest or dishonest, depending on whether they accurately reflect the sender's underlying quality or state and they can vary in clarity and strength, which affect how they are perceived and interpreted by the receiver. The exchange of signals or information has been identified by numerous researchers (Cao et al., 2013; Kern & Willcocks, 2000; Rai et al., 2012) as the cornerstone of alignment activities. The nature and mechanisms of the information exchange can vary widely depending on the context and the purpose of the alignment, like products and services delivered, way of working, or any other agreement. For instance, it could involve the transfer of event presentation data (relational realm) or contractual terms (contractual realm), or it could pertain to the exchange of process triggers or monitoring indicators (operational realm). The mechanisms for this data exchange can be either formal or informal. Formal exchanges might include structured meetings, reports, or written requests. On the other hand, informal exchanges could take the form of casual conversations, impromptu meetings, or one-on-one discussions. Regardless of the method, the key is the effective and efficient exchange of information to ensure alignment between the customer and the IT service provider.

Poppo & Zenger (2002) have identified two types of trust: calculative trust and relational trust. Calculative trust is more forward-looking, where management believes the costs and benefits of compliance outweigh those associated with self-interested opportunistic actions. In contrast, relational trust is more backward-looking and arises from social relationships and involves strong beliefs about the goodwill, honesty, and good faith efforts of others. For this research, relational trust measurement is most fitting, as in this research trust needs to be assessed from the stakeholders' perspective based on past events. The existing literature contains an extensive amount of research (Bromiley, 1996; McEvily & Tortoriello, 2011; Poppo & Zenger, 2002; Sabherwal, 1999) on the measurement of trust, including the measurement of relational trust on the contractual, relational, and operational realms. In determining the appropriate trust measurement method, several criteria were considered:

1. The method should be supported and understood by stakeholders based on an in-depth qualitative analysis of how trust improves or deteriorates based on events.
2. There's no need to measure trust accurately in a number, but understanding on whether trust is improving, deteriorating or not impacted based on an event is most important.
3. The method should measure trust seen through the eyes of the stakeholders and not be based on a certain dataset.
4. It would be very beneficial if the trust measurement would cover all the realms of the model of Vosselman & Verstegen (2009).

Based on these criteria and the existing literature, the research will use a conceptualization of trust derived from Bromiley's (1996) work, which defined trust as "a common belief among a group of individuals that another individual or group makes good-faith efforts to behave in accordance with any commitments, both explicit and implicit, is honest in whatever negotiations preceded such commitments, and does not take excessive advantage of another even when the opportunity is available." This conceptualization of trust is particularly well-suited for an outsourcing situation, as it not only fits all the criteria but also specifically measures inter-organizational trust rather than just individual trust. In Bromiley's research, a concise question-based form (Appendix 4) was used to measure trust, and this study will employ a similar approach to determine the consequences on trust in combination with the inventory of signals sent and received by the two parties involved in the outsourcing partnership.

3.1.1. Goal Research

This research aims to detect processes or activities of alignment between a service provider and a customer in an IT-outsourcing and interpret the consequences on the building trust in a real-world setting. To get a clear understanding of the motivation to start alignment processes and their effectiveness, we have to observe what is actually "happening" during a partnership. One interesting way to achieve this, is to monitor signals that various stakeholders send and receive, which in the end, possibly leads to an alignment activity.

3.1.2. Information required

When issues arise in any form of cooperation, but certainly in an outsourcing agreement, a sender is triggered to send a signal, and the receiver receives and interprets the signal after which the cycle can repeat itself. One or more of these signals can be followed by an alignment activity. These signals and alignment activities can be seen as events following each other. In this study we will be looking back in time for these chains of events to study the alignment activities.

Three types of events are researched in this study:

1. Events where a sender is triggered and sends a signal
2. Events where signals are received and interpreted.
3. Actual alignment events, where alignment between parties is reached often through the exchange of information.

A string of these events can often be seen leading to one or more alignment events. For each type of event, various metadata can be recorded, like sender, receiver, date send, date received but also the message intended and the message understood and of course if trust was built, both positive and negative. By looking back in time together with the interviewees (both senders and receivers) for situations of conflict, these signals and events can be recognized and grouped together. Based on the outcome for both the sender and the receiver, alignment may have been reached or not. If not, then another group of events can be found later in time until alignment has been reached. Alignment does not always imply full satisfaction for both parties, but rather a situation where the parties are willing to continue their relationship despite some level of acceptance of the current state. For instance, a customer may accept extra costs for an activity that took longer due to issues at the service provider's end, viewing it as an investment in the relationship. That is why we need to gather information on how both parties assess the trust that's being developed by these alignment activities.

To be able to do this research, studying documented alignment mechanisms only, would not be enough. To get a full picture, an overview of what actually happens in reality in alignment is essential. These activities often are not documented as the alignment activities are triggered based on what happens in real life events. Because of limitations in this research and dynamics being low in these types of environments, it would simply take too long to detect and analyse events happening real-time during the research period. This research therefore analyses events from the past that happened during the relationship and see how alignment mechanisms worked in these specific events, to get full understanding of the alignment mechanisms at work.

To get this complete picture of events that took place, the event data capturing (EDC) methodology (Cuijpers et al. 2010) will be used. EDC is a methodology to systematically capture data on events to be able to analyse the event at a later stage. While narrative inquiry has the risk of capturing implicit interpretations of events, EDC promotes a data collection of factual observations as a function of time, and the discovery of cause-and-effect relationships between these observations (Cuijpers et al., 2010). By using a clear ontology, participants are all informed on terminology used in the study. This sort of calibrates participants upfront. This not only gives a more factual representation of the events that have taken place, but also underpins the transparency of the data collection process as the ontology used is clear and defined.

Desk research will be done on available documents like contracts and work instructions. This will give a more detailed picture of the outsourcing deal, including the services delivered, the governance and meeting structure, but also the roles and actual work involved in the partnership. This will help paint a broader picture of the situation and help the researcher discuss with stakeholders from both parties those conflict situations to be researched. Of course, there are always critical situations like evaluation meetings, changes in requirements or environment, service failures and changes in critical personnel that can be researched for these chains of events. To make these events tangible for the stakeholders, a list of event types will be provided (appendix 2) to trigger the inspiration and memory of the interviewees.

Therefore, to do this research we have three different needs for information:

1. Documented information on the alignment activities that can be found in contracts, work instructions and process descriptions.
2. Information on the alignment events actually taking place, which can be found through EDC analysing alignment events from the past.
3. Information on how parties interpret other parties' signals sent and the consequences for various forms of trust.

3.1.3. Research method

A single case study approach utilizing document analysis and semi-structured interview techniques will be used. Qualitative research allows for a detailed contextual understanding of participants' meanings (human behaviour) and the relationships between them (Saunders et al., 2019). A case study offers the opportunity to generate insights from intensive research into a phenomenon within its real-life context, leading to rich empirical descriptions and theory development (Saunders et al., 2019). A description of the case situation can be found in appendix 1. This approach allows for an in-depth exploration of the topic. Given the exploratory and inductive nature of this study as the existing research on the topic is limited, the goal is to enhance our understanding of alignment processes and

their effect on successful IT outsourcing. Semi-structured interviews allow going into depth and following the same consistent approach for every interview which gives better comparison of the different interview results (Saunders et al., 2019).

To perform a case study at an actual organisation, there are three requirements to select a suitable case:

- The organisation has a substantial IT-scope outsourced to an IT-service provider.
- The organisations (customer and service provider) are willing to participate in a case study and provide access to both interviewees as well as documents containing relevant information.
- Employees from both the customer and the service provider side in various positions working in the IT-outsourcing space are available for interviews.

Both parties are responsible for the effectivity of the partnership (Mohr & Spekman, 1994). Therefore, stakeholders from both the customer as well as the IT-service provider are invited to participate. To select the right interviewees to take part in the study, there are four requirements:

- The interviewee is willing to participate in the research.
- The interviewee participated in the outsourcings contract on a tactical or strategical managerial level from customer or IT-service provider side for at least several years.
- The interviewee engaged in the alignment activities with the other party in the operational, contractual, or relational realm.
- The interviewee can elaborate on critical events that happened during the contract term which required alignment activities.

3.2. Technical design

In order to prepare the data collection process in the case organization in a well-structured manner, a contact person from both the customer organization as well as the service provider will be appointed. For the customer organization, this will be the IT-director of the organization, who is responsible for the outsourcing agreement from customer side. From service provider side this will be the account executive who is responsible for the contract. Both have the mandate to involve other persons in this research and give access to information and documents on the outsourcing relation.

The data collection process will be done in five steps:

1. Case and stakeholder selection: In order to involve the correct stakeholders in the interviews, a stakeholder selection will be done. In a joint meeting with the two contact persons from the customer and the service provider together, a brainstorm will be performed on possible alignment cases that can be analysed in this research and preferably one or two use case will be selected. Based on the case information, stakeholders from both the customer and the service provider will be selected based on purposeful sampling on who are most involved in the management of the contract and alignment of activities. Further selection criteria for stakeholders have been defined in the previous paragraph.
2. Kick-off: All stakeholders will be informed, explaining the study in much detail, including the concept of alignment across three realms, the ontology of the most important definitions, the goal of the study, the activities that will be performed, what exactly is expected from participants, the planning and the way results will be given back to stakeholders. It is

particularly important to stress the goal of the research, which is not assessing the quality of services in this specific case but is focussed on understanding alignment and the impact on trust. Every interviewee is free to choose not to discuss certain topics or events if they think it is too sensitive to discuss. In the same meeting all interviewees will be asked to sign a consent form, stating that the interviewee understands the study, the fact that participation is voluntary, that collected responses will be validated by the interviewee, that it is ok to video record the interview and that anonymised quotes can be used in the publication. All stakeholders will be asked to prepare a list of signals send and received in relation to the case selected, together with any supporting information available, like documents, Outlook agenda, e-mails, etc..

3. Document study: Following the kick-off, the next step will involve an in-depth analysis of relevant documents related to the IT outsourcing relationship. This will include reviewing the outsourcing agreement, service level agreements, communication records, and any other documentation that can provide insights into the alignment activities and signals exchanged between the customer organization and the service provider.
4. Semi-Structured Interviews: To fully understand the relationship between alignment activities and the impact on trust, it is essential to interview stakeholders from both the IT service provider and the customer. An interview guide will be prepared based on document study findings as well as questions outlined in appendix 3. The interviews will focus on the selected case, signals sent and received, related alignment activities and the impact on different types of trust. Each interviewee will participate in two cycles of interviews: initial data discussion in the first cycle followed by additional input from the other party in the second cycle for further exploration. While face-to-face interviews are preferred, logistical challenges due to geographical distribution may require conducting some interviews via Microsoft Teams, especially for participants working offshore. Recordings via Microsoft Teams will facilitate easy transcription and summarization.
5. Joint discussion: A joint discussion with stakeholders will be arranged to comprehensively review and validate all signals sent and received during the case. This meeting will assess their impact on each party's perceived trust. The insights gained from this discussion will provide valuable learnings regarding how the case unfolded, interpretation of each party's signals by others, and the resulting effects on trust levels.

These five steps will generate the necessary data needed for the data analysis phase, allowing researcher to gain a comprehensive understanding of the alignment activities and trust dynamics between the customer and the IT service provider in the outsourcing relationship.

3.3. Data analysis

The goal of the data analysis phase is to make a structured overview of all the data that has been gathered in the form of three different overviews:

	Data source	->	Deliverable
1.	Signals send/received	->	Event timeline
2.	Alignment events	->	Alignment activities log
3.	Trust relation	->	Relation between alignment activities and trust

It is important to understand that these three data sources are connected. Through the detailed description of the events that took place, both alignment activities and the relation with trust will be documented. In the end, the use of events is just a means to an end. Information on the alignment activities and how these activities influence a specific type of trust is what really matters in the data analysis.

The data analysis process itself will start directly after the document study. After the document study, some of the information needed to draft alignment processes are already known and will therefore be structured and documented in so called alignment activity library. This can be seen as the initial layout of knowledge on the alignment mechanics on which we build further after the interviews.

From the transcriptions of the interviews, summaries will be created, whereby events, alignment activities and trust relation will be labelled. These summaries will be checked by the interviewee to prevent any misunderstandings or errors in the data. The interviews will all discuss multiple events that took place during the contract term in much detail. Per event a clear detailed timeline will be drafted, having situational state and alignment activities from both customer as well as the IT-provider. E.g., based on a certain situational state, a party performs alignment activities leading to another situational state, which leads alignment activities from the other party, etc. These timelines are needed for analysis on the alignment activities and understanding their effect on the situational state. Any new alignment activities, including the situational state will be added to the alignment activities library.

During the interview not only the alignment activities during a certain event will be discussed, but also the consequences for trust of each of the parties. As discussed in the conceptual design the three dimensions of trust according to Bromiley will be used: good-faith effort, honesty in exchange and limited opportunism. That means that for every alignment activity for each of the parties a positive or negative relation can be registered in the alignment activity log. This log will have the following form:

													Impact on Customer			Impact on Service provider		
Signal Id	Signal type	Sender	Trigger/reason	Start date	End date	Recipients/participants	Message / Content	Goal signal	Understood signal	Urgency intended/ understood	Reaction receiver		Honesty in exchange	Good-faith effort	Limited opportunism	Honesty in exchange	Good-faith effort	Limited opportunism
1a	Request sent	CUST	Need for Training SAFe Agile	1-2-2024	7-feb	CUST and SP, SP Coaches, CUST RTE	workshop	To improve knowledge on both sides as CUST decided to transiiton into SAFe Agile.	yes	Medium	Workshop will be planned for by SP		Same	Same	Same	Same	Same	Same
1b	Escalation sent	CUST	Quality training	15-2-2024	16-feb	SP	Quality	There were quality issues with the training	yes	Medium	Quality issues were recognized by SP and repaired		Same	Negative	Same	Same	Same	Same
1c	Alignment event	SP	Quality training & Scope	19-2-2024		CUST	response	Acknowledged the improvements in the training.	yes	Medium	Initial meeting to discuss issues with training. Recognized by SP who gave training by the book instead of contextualized. Afer second training again meeting to evaluate and decided on dry run together. Started with smaller group. Content was Tailor made for CUST SAFe adoption.		Same	Positive	Positive	Same	Positive	Positive
1d	Escalation sent	SP	Decision to change to SAFe with existing resources	22-2-2024		CUST	response	CUST chooses to embrace SAFe, it calls for mutual discussions and changes to the way of working/Roles. This is still an open issue for SP.	No	Medium	SP is already working along with CUST in the same regard.		Same	Same	Same	Same	Same	Negative

Table 2: Deliverable data analysis on events, alignment and relation to trust with example data.

The end deliverable of the data analysis phase is a complete overview of all events including, situational states, alignment activities and the relation on building goodwill trust, contractual trust and/or competence trust according to Table 2. Per event a visualisation in Excel will be created to get a detailed overview of the event in its entirety, to make sure that trends on trust within an event can be followed. The data sheet can be found in appendix 7.

3.4. Reflection on validity, reliability and ethical aspects

Construct validity is defined as the extent to which data collection method accurately measures what they were intended to measure (Saunders et al., 2015). To ensure construct validity, data on alignment activities is triangulated three ways: coming from document study, answered by stakeholders from the customer and answered by stakeholders from the IT-service provider. As alignment is always an

interaction between the customer and IT service provider, both parties should mention the same data points from different perspectives.

For the interviews participants will be selected according to the criteria set. Expectation is that 11 interviews will be done (2 for each participant and 1 jointly), with people both from the customer and the IT-service provider. All participants have a role in the current IT-outsourcing contract and are all already for several years involved and purposefully sampled as they are regarded as subject matter experts on the alignment of IT-outsourcing in this case. Some of the participants have a deciding role on retention of the contract, both from the customer as well as the IT-service provider side.

Internal validity is defined as the extent to which findings can be attributed to interventions rather than any flaws in the research design (Saunders et al., 2015). Although Saunders et al. advice to use more than one interviewer and separate observers and data analysts, this would not be possible in this limited research. As an alternative they mention to describe the research methodology, including the conceptual and technical design in much detail. The risk of interpretation bias is minimized by validation of the interview summaries by the interviewees.

Although a single case study may have limited external validity, purposive sampling in a real-world context can enhance the relevance and applicability of the findings to similar organizations or settings. By carefully selecting the case study based on specific criteria, such as the maturity of the outsourcing partnership or the scope of the agreement, the insights gained can be more readily applied to other organizations facing comparable challenges in their outsourcing relationships. While the findings may not be fully generalizable, the detailed description of the case and the alignment with established theories can improve the transferability of the research to similar contexts. Furthermore, literature study, using available frameworks and theories (e.g. 3 realms model) and a detailed description of the research methodology increases external validity.

Reliability refers to the extent to which the data collection method will yield consistent findings, similar observations would be made or conclusions reached by other researchers and that there is transparency how sense was made from the raw data (Saunders et al., 2015). By documenting both the data collection process and the data analysis in much detail, reliability is supported. From an ethical perspective multiple aspects have been considered. Participation in the interviews is completely voluntary. All results will be logged anonymously, so that it would not be possible to conclude which employee gave what input. As there are only a small number of interviews, there will therefore not be any reference made to the role of the interviewee, except for the registration if the interviewee is part of the customer or IT-service provider organization. For the interviews consent will be asked to record the interview purely for transcription and summarization reasons. All data will be kept confidential and after the transcription, the original recording will be removed. During the research period, all participants have the right to withdraw their participation without any consequences.

4. Results

In this chapter the actual execution of the research is briefly described with specific attention to the deviations to the research plan as described in chapter 3, including a brief description of the case study used. The final part of this chapter will present the outline of the events occurring in this case study, including the signals sent and received.

4.1. Case and stakeholder selection

The relationship between the customer and the IT service provider has been ongoing for already seven years. During this time, the relationship matured and reached a point at which both parties are willing to discuss and learn on the topic of alignment and the impact of alignment activities on building trust at both sides. Both the account executive from the IT service provider as well as the IT Director from the customer have expressed their willingness and commitment to participate together with stakeholders from their teams in this research. In a joint session of one hour on April 24th 2024, a two-hour brainstorm was held to ideate a case study. The case chosen for this research is: Adopting the SAFE agile way of working. The reason for choosing this particular case study was that the transition to agile was the biggest change since the start of the contract for both the customer and the service provider with considerable impact on the IT outsourcing partnership and the three realms. Furthermore, it provides more than enough events and signals to base research on and all the stakeholders were all still working in the outsourcing agreement.

For this case study the IT Director and account executive together with the researcher defined the stakeholders based on the main participants in this case study. As the number of stakeholders was quite limited, all stakeholders mentioned were selected to participate in the interviews.

4.1.1. Case: Adopting a new agile way of working

The customer and the service provider have been engaged in an outsourcing agreement for already more than seven years. The scope of the agreement is very broad and ranges from service desk, infrastructure to application management and development. Over the last year the customer has been transitioning from a more traditional IT department into teams working according to the SAFE agile way of working based on product teams of each around eight to ten people. These teams are responsible to further develop and maintain their product. Examples of product teams are workspace, SAP FICOHR, SAP Other, Engineering, Collaboration, Data Analytics, IT4IT, Legacy, etc. Each team is coordinated by a product owner and has a scrum master to manage the agile process. The team members are a mix of people from both customer and service provider working together in a product team.

This transition has been quite a challenge for both parties. Two years ago, although there already was a vision to work more agile, contracts between the customer and the IT service provider have been signed based on a more traditional way of working. The adoption of new agile ways of working, did not necessarily align with operations, responsibilities, deliverables, etc. agreed in the contract. Specifically, the agile mindset required, where the teams are responsible on what they do and how they do it instead of more traditional management, led to many discussions between the service provider and the customer.

The five stakeholders selected for this case are:

Customer: Manager IT Value, Manager IT Service, UX Experience employee
Service provider: Coordinator IT Service Management, Coordinator Application management

4.2. Joint Kick-off meeting

The joint kick-off went as planned on April 29th 2024. The three realms model was recognized in everyday practice by various stakeholders. The case study including stakeholders were elaborately discussed. It was stressed that this research is not so much about analysing the case in much detail on its content, but to focus on the alignment activities taking place in the case. Although not planned upfront, some of the stakeholders were very specific not only to learn on alignment itself, but also to learn which phenomenon led to the need for alignment. After detailed explanation of the excel sheet (appendix 7), stakeholders confirmed it was clear, but expectation was that during the usage, question would come up and the researcher needed to be available to answer those questions. During the meeting it became also clear that the concept of different forms of trust was difficult to understand and often misinterpreted. In appendix 4 an overview of the questions including the type of trust can be found. Stakeholders found this to be helpful in making trust a more tangible concept. All stakeholders received the participant information letter and signed the informed consent form.

4.3. Document study

In the document study, focus was put on the contract that has been agreed between parties describing the outsourcing in much detail. The total contract consisted of a master agreement and nine schedules describing various aspects of the contract like the services delivered, the service level agreement, terms on finance and governance. Specifically, the governance schedule describes in much detail both the governance model (figure 2) on operational, tactical and strategic level but also the meeting structure in which the whole outsourcing agreement is managed.

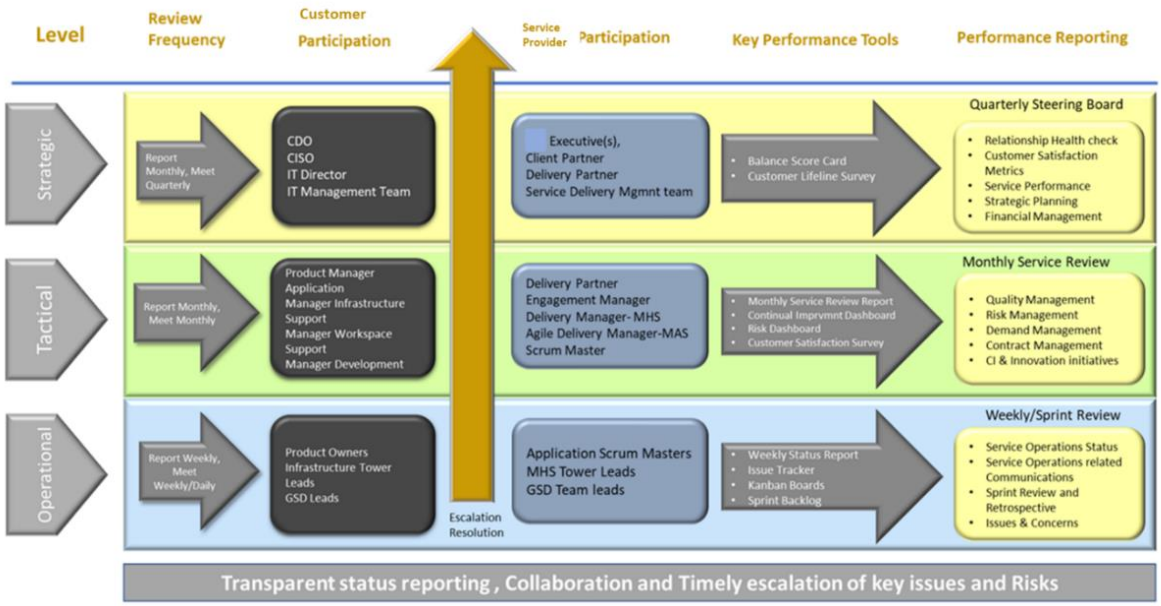

Figure 2: Governance Schedule (taken from the outsourcings contract)

This schedule, including the meeting structure (appendix 5) and the escalation structure (appendix 6), gave a detailed overview of all meetings including participants from both sides, the topics of discussion KPI's and performance reporting. The management of disagreement and alignment is organized in these meetings. This document study has led to a thorough understanding of the outsourcing agreement and the knowledge found was used as a basis to prepare the interviews. Although planned for, there were no work instructions available with specific content on alignment.

4.4. Execution of the interviews

4.4.1. Preparation

As a basis to record the data from the interviews an excel sheet was used, which has been provided by the tutor. The file contains fields to log events in a historical manner. In appendix 3 a description of the fields of information can be found. The interviews have been approached different than planned for. After the joint kick-off it became clear that stakeholders needed more of a workshop type of setting, instead of semi-structured interviews based on an interview guide. That's why individual workshops were setup with stakeholders, helping them understand the excel sheet and the actions required to fill the data. A second round of workshops were planned to discuss the results per party (customer/service provider) and a last joint workshop to validate all input given.

4.4.2. Workshop round 1

In the first workshop the use case was explained in much detail, so that the stakeholder got in depth understanding of the use case. Furthermore, the excel sheet was explained again in much detail and in some of the interviews the first entries were made by the stakeholder to get a good feeling how to use the file and record the data. For every interview, 60 minutes were planned in the agenda and all of the interviews were realized within that timeframe. The workshops were all done face-2-face in the offices of the customer and recorded in a Teams session in order to give the researcher the option to look back when needed. Every workshop in round 1 ended with the question to fill out the excel sheet as much as possible in preparation for round 2.

4.4.3. Workshop round 2

The second round of workshops were per party. The excel sheet filled out by the stakeholders was verified and corrections or additions were made if needed. Where needed and possible, stakeholders checked their Outlook calendar or even their mailbox to verify dates and events happening. These workshops were also held face-2-face and recorded in Teams for the researcher to look back if necessary. Although in the agenda meetings were planned for one hour, most of the workshops took a bit longer (up to 1,5 hours) to conclude. For the researcher it became very apparent that although both parties recognized signals sent and received, the interpretations of signals and line of thinking were quite different for customer and service provider.

Based on the data collected in round one and to, timelines for the use case was generated (figure 3). The goal was to draft a timeline which was recognizable by both parties, and which gave a good representation of the signals send and received, specifically on the alignment events and the impact on trust.

4.4.4. Workshop round 3

The joined workshop was started by the researcher explaining again that this research was not so much about the content of the discussion, but to focus on both the reasons for having misalignment and specifically how alignment exactly worked in practice. This required both the customer and the service provider to be vulnerable and aware that we do this in order to learn together and become better. Although no changes were made to the timeline anymore, understanding of the situation grew as both parties could explain their view of the situation in much detail. An elaborate discussion on the process of alignment took place, how this worked and what prerequisites were needed to reach alignment. Side effect of this meeting was also a better understanding and appreciation of each other's position and view on the situation. These meetings were also held face-2-face and recorded in Teams for the researcher to look back if necessary. By ending this third round the gathering of data was concluded. The data gathered is per a filled out excel sheet explaining in much detail the events that occurred during the proceedings of the use case and a graphical representation in a timeline. All data has been jointly verified by all stakeholders involved.

4.5. Results of the case study

Based on the data found during the workshops, document study and email conversations and meetings planned all the results were consolidated on a timeline. An overview of the events is given below. An event is a situation where a trigger (e.g., an issue) occurred leading to a party sending a signal and the other party receiving and interpreting the signal.

4.5.1. Agile way of working

In this case study the customer is transitioning from a more traditional application management department into a team working according to the SAFE agile way of working. This transition is already complex in itself but doing such a transition with multiple parties makes it even more challenging. During the agile transition, many processes and deliverables changed, often leading to issues and therefore communication between parties. As signals often get interpreted differently than meant by the sender, it often leads to frustrations at both sides. This requires alignment events to settle things between the parties. The complete agile transition is already taking place for multiple years. As it was very difficult to gather data from a longer time ago, this research focuses on events occurring from February 2024 up until June 2024. During that time 26 events took place where signals were sent and received between parties. These signals have been visualised in a timeline, which can be found in figure 3. Each event starts with a request or sometimes an escalation. Through the dotted line the event can be tracked. Most events end with a green alignment signal, with the exception of the first event which has led to many follow up escalations because of the operational realm (agile way of working) being out of sync with the contractual realm. Most events take over two to three months to get aligned.

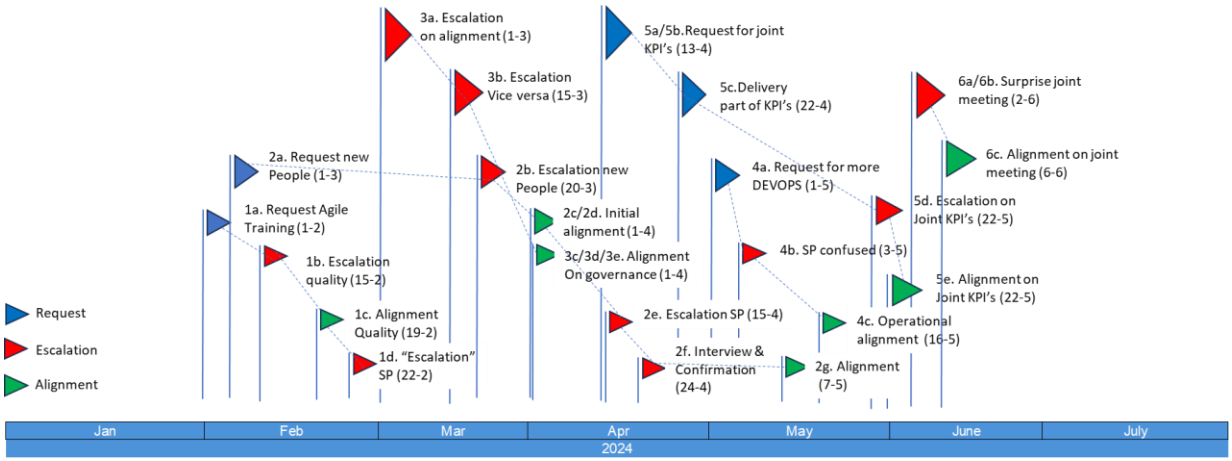

Figure 3: Timeline of signals

Context

In 2023, the customer was already working "sort of agile". However, management didn't think this was done correctly as the IT department was not able to keep up with demand. This led to much frustration in the business on the performance of IT. Because of the very complex organizational structure and governance it was difficult for IT to plan and claim resources for specific work. It took them very long to communicate delivery dates and they were often not able to actually deliver on the agreed delivery date. During the initial agile implementation in 2019, so called chapters were formed with people with the same role in various teams, e.g. an architecture chapter or a development chapter. Once every month these chapters came together and discussed the way of working, processes, deliverables, etc. to keep the way of working uniform. Later on, management decided to transform these chapters into hierarchical departments, which led to the complex organizational structure and governance. The consequences were that for every topic multiple teams needed to be involved, which led to much more discussion and longer lead times for delivery. In 2023 new management decided to push forward on the agile transition and finish it completely in all its aspects (processes, organization and technology) based on the SAFE agile framework. This actual SAFE Agile transition, based on a new simplified organizational model and structure, started in January 2024. As the customer outsourced much of the IT operations to the service provider (appendix 1), this transition had led to many signals send and received by both partners requiring more often than not alignment events.

Timeline

In February 2024 the customer wanted to improve the knowledge on the SAFE agile framework, asking the supplier to organize trainings (**1a**). However, after the first trainings, the customer was not impressed with the quality of the training and expressed this to the service provider (**1b**). This was later acknowledged by the service provider. The customer excused themselves as it became clear they gave a standard training because they were not familiar with the trainees and expectations were not well understood. In a meeting with the customer, they proposed a way forward to improve quality which required the customer to prepare themselves better (**1c**) which led to do dry runs in order to set expectations. This was satisfactory for the customer which led to full alignment on this topic. Good results were seen in the trainings done afterwards. This alignment has been reached through discussions in two meetings between the service provider and the customer. After a drop in good faith

trust by the customer after the first experiences, trust was rebuilt after deciding on the joint way forward and was fully restored after alignment.

The service provider "escalated" (**1d**) to the customer that the changing way of working was not aligned with the contract. Apparently, this escalation was not handled or understood well as only during the workshops it became very clear that the customer was not aware of this escalation and thought the service provider would manage somehow. As there was no formal reply from the customer on the escalation sent, the IT service provider, with much experience and knowledge on agile way of working, felt left out by the customer in their transition to the SAFE agile way of working. They would expect the customer to deep dive in this agile transition together with the service provider as this transition requires much operational change in their joint daily operation. Somehow, possibly because of Indian culture, the service provider didn't formally escalate to discuss these issues, while the customer continued their transition. Even worse, the service provider was trying to service customers current needs while still being bound to sometimes opposite KPI's in the current contract. The service provider felt negative relational trust (limited opportunism) by the customer as nothing was formally arranged and the service provider was sort of forced to keep servicing the customer differently while this had not contractually been agreed, let alone that the service provider would be paid for this extra work. This important issue, where the contractual realm is not aligned with the operational realm, is planned for discussion and alignment, but was still open at the time of this study.

This perfect example of the operational and contractual realm not being aligned, was returning in many events later on and appeared to be the reason for some of the misalignments. It is also clear that both parties need to see and feel the issue to be important enough to get escalated and aligned on. In this case the customer thought the service provider would manage somehow.

As the customer continued in their agile transition they required more and different people from the service provider to work in the product teams, which the customer requested (**2a**). The service provider had difficulty in finding the right people as this is not their normal contractual mode of operations where some of the roles are very niche and difficult to recruit. After six weeks, the customer got frustrated and escalated (**2b**) through email. Initial alignment took place through discussions, explaining what the service provider was doing (training people who already know customer context (**2c**)) and the customer appreciating the effort and results so far (**2d**). The service provider was frustrated (**2e**) as they felt role descriptions kept on changing and the customer didn't really take time to evaluate the proposed profiles. When the supplier finally found a candidate which fit (**2f**), the service provider committed the resource without confirmation from the customer (**2g**). Although the customer was frustrated about this, they had to as otherwise the candidate would have been no longer been available, because of internal regulations. From a trust perspective the customer felt negative on good-faith effort when the service provider could not deliver the required resources but felt negative on opportunism when the service provider committed on a resource without their consent. In a final alignment meeting (**2h**) the situation was discussed in much detail, including the reasons why both parties acted like they did to make each other understand their situation and viewpoints. This helped greatly to ease tensions and regain trust in each other.

Frustration (negative good-faith trust) builds on both sides as the service provider wanted to meet with every product owner individually to discuss topics in depth (**3a**), while the customer only granted them thirty minutes on a weekly basis in a central meeting. As the customer found out that the service provider was still having individual meetings, this led to feelings of opportunism and to an escalation

(**3b**). The customer didn't understand why the supplier wanted to meet with all product owners individually while the service provider didn't understand why the customer wanted them to waste everybody's time in the joint meeting (**3c**) but also felt not taken seriously as they only had thirty minutes left per week (**3d**). This was definitely not in line with the original intent from both the customer and service provider to enter into a strategic partnership (negative on contractual trust). Alignment took place through several meetings where customer explained the required culture, while the service provider explained in much detail the need for ongoing alignment. A solution and alignment were found through a new way of working (**3e**) which rebuilt trust.

The misalignment between the contractual and operational realm is again seen in May 2024 in the operational realm, where people from the service provider have certain skills and responsibilities, while the transition to SAFE Agile (DEVOPS) required them to be broader, taking on other work from their team members as well (**4a**). KPI's and operations were still based on the original contract, while in the SAFE agile transition often opposing KPI's were now asked from the customer side (**4b**). Although the best way forward would probably be to align the contract to the new way of working, both parties once again solved their differences in the relational and operational realm (**4c**), by discussing over coffee and agreeing in a separate meeting to a new way of working. Later, in the second workshop, the customer expressed their view that it would probably be difficult to change a contract which still runs another few years, but in the joint workshop the service provider agreed that this would be the best way forward as otherwise the misalignment would be ongoing.

In order to really start working as one DEVOPS team, the idea was born in April 2024 to have joint KPI's and performance metrics, so the customer asked the service provider to share their KPI's on which they managed their own people (**5a/5b**). For several product teams, this was immediately shared but for some this took very long, because of internal regulations at the service provider (**5c**). This led to feeling of opportunism at the customer and several escalations (**5d**). The alignment (**5e**) again took place in the operational realm in a meeting expressing each other's situation and agreeing on a joint way forward, whereby the performance targets of the service provider will not conflict with customers targets.

In June 2024 the customer found out that the service provider was having extra daily meetings before the actual joint daily and was wondering why this was happening (**6a**). As customer felt they made big steps in DEVOPS culture, they felt disappointed there were still separate meetings. This led to feelings that the service provider was hiding things (opportunism). The supplier stated that this was normal to discuss issues before opening hours CET (**6b**) as most of the team members are located in India. This topic was quickly aligned through the relation realm by drinking coffee (**6c**) together, explaining each other's viewpoint and reasons. No change in operations was needed.

5. Discussion, conclusions and recommendations

This case study highlights some key challenges in establishing an agile culture and mindset when transitioning from a more traditional IT operating model to a more agile and collaborative way of working between a customer and a service provider. The main challenges observed in this case study include difficulties in aligning the contractual and operational realms, tensions around roles and responsibilities, misalignment in performance metrics and KPIs, and the need for continuous communication and relationship building.

5.1. Discussion – reflection

Transitioning from a more traditional IT operating model to a SAFE agile way of working is very complex and impacts not only the operational model but also the management model. Agile puts responsibilities for delivery in the product teams and therefore requires a different management approach. Where in the past the service provider actively managed their people to make sure all KPI's agreed were met, the delivery structure is now totally different where product owners decide which epics or user stories have the most value after which the product team themselves decide how to deliver on those epics and user stories. This case study provides several insights into the challenges and success factors in achieving alignment between a customer and a service provider when transitioning to an agile way of working.

The first key insight from this case study is the importance of aligning the contractual, operational and relational realms (Vosselman & Verstegen, 2009) in any point in time. This was probably the case at the start of the outsourcing contract, but during and after the transition to the agile way of working, alignment specifically between the contractual and operational realm across customer and service provider was not realized. Maintaining the old contract while working differently in the operational realm has led in this case study to continuous misalignment and tensions. The contract should be updated to reflect the new collaborative model, roles and responsibilities, and shared performance metrics.

The second key insight is that alignment is only realized when both parties think a topic is worthwhile aligning on. In this case study the service provider is pushed into a new way of working while not being alleviated from the commitments of the current contract. The customer thought it was not that important to update the contract, as they were weary ending up in new negotiations or losing current commitments and felt they had little to gain. During the workshops, which can be seen as relational realm activities, it became very clear that this misalignment was a bigger problem for the service provider than the customer expected and that both parties should work together to align on this.

This leads to the third key insight, which is the crucial role of trust, communication and the strengthening of the relational realm. Continuous communication, transparency and relationship building between parties is vital. In this case study, transparency or perceived lack of transparency has been an issue multiple times. The customer regularly felt that the service provider was transparent on technology content but not so much on how they feel and think about developments. This has been expressed in the joint workshop as well. Although no further research has been done, participants also think that the Indian culture plays a role here. Being made aware of this and making this a topic of

conversation in the workshops is already valuable for both parties. The agile way of working is fundamentally about breaking down silos (development - operations and business - IT) and fostering collaboration, which requires a high degree of trust and understanding between the two parties. This requires continuous open communication, transparency and joint problem solving between customer and service provider to align on issues around roles, responsibilities and performance metrics. Something that improved during the timespan of measurement. Regular joint workshops, feedback sessions and informal interactions are crucial to maintain alignment and trust.

The fourth key insight is on the process of alignment after an issue has risen, which has the same pattern: (1) discussion is done via e-mail or meeting by party with issue, (2) recognition and understanding of the situation by the other party is done via e-mail or in a meeting and (3) way forward is chosen and executed (alignment). If one of the three activities is not done, alignment cannot be made, and this process starts again.

The fifth key insight is that if a situation arises where one of the parties sees the other party fail in their operation it leads to mistrust in good faith effort. The customer starts to doubt the service providers ability and the other way around. If the situation arises than one of the parties do not understand why the other party is behaving in a certain situation it leads to mistrust in opportunism. Immediately the party thinks the other party lacks transparency and is probably doing things in its own self-interest. Making sure the other party understands what is happening and why is essential in keeping up trust in the outsourcing relationship. Alignment is mostly explaining what happened, understanding why a party acted like it did and what parties' impact was on the situation. Gaining understanding often immediately helped bringing back the trust to align on future steps.

The final key insight is that agile transformation requires a fundamental shift in culture and mindset and not just in the process and requires a different management approach. This requires extensive training, coaching and change management, not just for the operational teams but also for the management teams of both the customer and service provider. Management acting in the traditional way of working has led to multiple misunderstandings and escalations in this case study.

Based on these key insights, together with both the customer and the service provider a lessons learned register was drafted. Not only to register these but to use them in presentations for the whole IT department both onsite as well as in India. To increase awareness, initiate discussions and improve alignment. These lessons learned can be found in appendix 8.

5.2. Conclusions

The goal of this study was to answer the following research question: "How do sourcing partners achieve and maintain their alignment of interest, commitment and processes to perpetuate the continuity of their collaboration?". Several sub questions have been defined to help this research question, like "What formal and informal processes or activities can sourcing partners employ to reach alignment on interests, commitment and operation?" and "How can you detect these processes or activities and interpret the consequences specifically on success and retention?"

In the existing literature (Rai et al., 2012; Vosselman & Verstegen, 2009) already highlighted that alignment between relational, contractual and operational governance based on clear SLA's and performance metrics together with sharing information openly, resolving conflicts constructively, and

fostering a collaborative partnership is the way to successful alignment. The case study in this research has shown that alignment between these realms is crucial as maintaining misalignment in the realms has led to continuous misalignment and tensions during the partnership in a situation of change. The research also shows that alignment is only realized when both parties see the importance and are willing to work on it.

There are many formal and informal processes/activities that sourcing partners can employ to reach and maintain alignment: Formal processes found in this case study include:

- Contractual Agreements**:** In the document study elaborate contractual agreements including clearly defined roles, responsibilities, performance metrics, risk allocation, and escalation mechanisms have been found.
- Joint Planning and Goal Setting: Collaboratively planning for deliverables, timelines and KPI's, working towards the same outcomes have been implemented in the SAFE agile method (PI Planning) between service provider and customer.
- Structured Communication Channels: The Half Year Business Review, weekly update meetings and daily's used in this case study are regular meetings to report and facilitate transparency, information sharing, and timely issue resolution.
- Performance Monitoring and Evaluation: The customer and service provider agreed on using ServiceNow as a system to track progress against agreed-upon metrics. A problem management process is implemented to initiate corrective actions.
- Formal Training Programs: Joint training sessions (on SAFE agile) have been conducted to align on processes, technologies, mindset, culture and expectations, fostering a shared understanding of operational requirements.

Informal processes include:

- Relationship Building: During the first half year several social and team building events were organized to encourage open communication, trust, and mutual understanding, including a trip to India and various diners.
- Joint Problem Solving and Continuous Improvement: Both customer and service provider agreed not to finger point, but to jointly look for solutions and innovations.
- Invest in partnership: Both customer and service provider proved to be committed to the partnership through actions that build trust and goodwill. The service provider supported the customer in their transition, without any contractual obligation while the customer never referred to the contract in case of tension or escalations during the time of measurement. Both parties focussed on learning, improving and growing together and participated in this study for that very reason.

The analysis of the case study shows that sourcing partners can effectively detect and interpret the alignment between relational, contractual and operational governance. In this case study alignment between contractual and operational realm was lacking, leading to many misunderstandings and escalations. When you look specifically at activities of alignment, the research also highlights that the process of alignment after an issue has risen, follows the same pattern:

1. Discussion on an issue or problem.
2. Recognition and understanding of the issue by all parties.
3. Discussion and decision on way forward by both parties.

If one of these three steps is missing, the alignment process starts all over again. The retention and success of the partnership will suffer severely if the customer and service provider do not invest the time and effort to align their interests, commitment and processes. Something that also has been seen in this case study and has been defined in the lessons learned.

In conclusion, sourcing partners need to proactively and continuously invest in alignment between relational, contractual and operational governance to perpetuate the continuity of their collaboration. Achieving and maintaining alignment in sourcing partnerships requires a multifaceted approach:

1. Formalize alignment through detailed contracts, governance structures, and performance management.
2. Cultivate relational alignment by building relationships, fostering mutual respect and understanding, and collaborating on problem-solving.
3. Maintain alignment over time through regular check-ins, meetings, information exchanges, continuous improvement, and celebrating successes.

Limitations

While the case study provides valuable insights, it has several limitations. First, it focuses on a single case, which may limit the generalizability of the findings. The case involves a customer in the maritime industry and an Indian service provider that have collaborated for over seven years. Many unique aspects of this specific situation could impact the study results, restricting the broader applicability of the conclusions.

Second, the data collection primarily relied on interviews, which may be subject to potential biases. In the study effort has been put in to retrieve data from emails and agendas, but incorporating additional data sources, such as project documentation, financial records, and observations, could have provided a more comprehensive and objective understanding of the alignment process.

5.3. Recommendations for practice

Based on the findings from this research, the following recommendations can be made for sourcing partners to enhance their alignment and collaboration. See also appendix 7 for the lessons learned register.

- Make sure the contractual, relational and operational realm are in sync. It is a huge source of misalignment if these are not in sync.
- Craft comprehensive contracts that clearly define roles, responsibilities, performance metrics, risk allocation, and dispute resolution mechanisms. Include a joint vision on success. Make sure change management on contracts is in place as you can only contract what you can foresee.
- Create a culture of open communication & transparency.

- Have mutual respect & understanding. Promote a culture of respect for each other's perspectives, expertise, and contributions. Give both parties the opportunity to present their thoughts and struggles. The Dutch and Indian culture are really different in this respect and need to learn together.
- Foster a culture of continuous improvement, where both parties actively seek ways to enhance processes, communication, and value creation.
- Take time to do regular check-ins. Conduct periodic reviews of the partnership's health, revisiting the shared vision, goals, and alignment mechanisms. This ensures that the partnership remains adaptable to changing circumstances and evolving needs.

5.4. Recommendations for further research

This research provides an important step in understanding the alignment process in sourcing partnerships, but several areas merit further exploration. The first recommendation is to expand the research to a broader set of cases, including partnerships in different industries, geographies, and stages of maturity as this study only is based on a very specific case in the maritime industry in a relative mature outsourcing partnership between a Dutch multinational and an Indian IT service provider.

The second recommendation would be to Incorporate additional data sources, such as performance data, financial records, and third-party observations, to gain a more comprehensive and objective understanding of the alignment process. This could offer a more in-depth view of the topic discussed, signals send and received and the alignment events.

The third recommendation would be to investigate how to make a qualitative judgement or assessment on the IT outsourcing partnership and deliver a model or method to score the relationship and find areas of improvement.

The last recommendation is to investigate the impact of cultural differences on the alignment process, particularly in international sourcing partnerships. Several stakeholders have mentioned many times that both Indian and Dutch culture have an impact on the partnership and specifically on escalation and alignment processes.

References

Bromiley, P. (1996). *The Organizational Trust Inventory (OTI): Development and Validation*. https://www.researchgate.net/publication/232553329

Cao, L., Mohan, K., Ramesh, B., & Sarkar, S. (2013). Evolution of governance: Achieving ambidexterity in IT outsourcing. *Journal of Management Information Systems*, *30*(3), 115–140. https://doi.org/10.2753/MIS0742-1222300305

Connelly, B. L., Certo, S. T., Ireland, R. D., & Reutzel, C. R. (2011). Signaling theory: A review and assessment. In *Journal of Management* (Vol. 37, Issue 1, pp. 39–67). https://doi.org/10.1177/0149206310388419

Cooper, S., Cant, R., Kelly, M., Levett-Jones, T., McKenna, L., Seaton, P., & Bogossian, F. (2021). An Evidence-Based Checklist for Improving Scoping Review Quality. *Clinical Nursing Research*, *30*(3). https://doi.org/10.1177/1054773819846024

Cuijpers, L., Martin, H., & Rutten, W. (2010). *A contribution to dynamic case studies: event data capturing*.

Dibbern, J., Goles, T., Hirschheim, R., & Jayatilaka, B. (2004). *Information Systems Outsourcing: A Survey and Analysis of the Literature*. http://www.outsourcing.com

Elmuti, D. (2003). The Perceived Impact of Outsourcing on Organizational Performance. *American Journal of Business*, *18*(2). https://doi.org/10.1108/19355181200300010

Gewald, H., & Helbig, K. (2006). *A Governance Model for Managing Outsourcing Partnerships: A View from Practice*.

Goo, J., Kishore, R., Rao, H. R., & Nam, K. (2009). The Role of Service Level Agreements in Relational Management of Information Technology Outsourcing: An Empirical Study Quarterly on The Role of Service Level Agreements in Relational Management of Information Technology Outsourcing: An Empirical Study1. In *Source: MIS Quarterly* (Vol. 33, Issue 1).

Hormozi, A., Hostetler, E., & Middleton, C. (2003). Outsourcing Information Technology: Assessing Your Options. *SAM Advanced Management Journal (07497075)*, *68*(4).

Jayaraman, V., & Liu, Z. (2019). Aligning governance mechanisms with task features to improve service capabilities---an empirical study of professional service outsourcing in India. *Operations Management Research*, *12*(1–2), 19–39. https://doi.org/10.1007/s12063-019-00141-z

Kern, T., & Willcocks, L. (2000). *Exploring information technology outsourcing relationships: theory and practice*. www.elsevier.com/locate/jsis

Könning, M., Westner, M., & Strahringer, S. (2019). A Systematic Review of Recent Developments in IT Outsourcing Research. *Information Systems Management*, *36*(1), 78–96. https://doi.org/10.1080/10580530.2018.1553650

Lacity, M. C., Khan, S. A., & Willcocks, L. P. (2009). A review of the IT outsourcing literature: Insights for practice. *Journal of Strategic Information Systems*, *18*(3), 130–146. https://doi.org/10.1016/j.jsis.2009.06.002

Lacity, M. C., Khan, S. A., & Yan, A. (2016). Review of the empirical business services sourcing literature: An update and future directions ra. In *Journal of Information Technology* (Vol. 31, Issue 3, pp. 269–328). Palgrave Macmillan Ltd. https://doi.org/10.1057/jit.2016.2

Lacity, M. C., Khan, S., Yan, A., & Willcocks, L. P. (2010). A review of the IT outsourcing empirical literature and future research directions. In *Journal of Information Technology* (Vol. 25, Issue 4, pp. 395–433). https://doi.org/10.1057/jit.2010.21

Lacity, M. C., & Willcocks, L. P. (1998). An empirical investigation of information technology sourcing practices: Lessons from experience. *MIS Quarterly: Management Information Systems*, *22*(3). https://doi.org/10.2307/249670

Langfield-Smith, K., & Smith, D. (2003). Management control systems and trust in outsourcing relationships. *Management Accounting Research*, *14*(3), 281–307. https://doi.org/10.1016/S1044-5005(03)00046-5

Leeman, D., & Reynolds, D. (2012). Trust and outsourcing: Do perceptions of trust influence the retention of outsourcing providers in the hospitality industry? *International Journal of Hospitality Management*, *31*(2), 601–608. https://doi.org/10.1016/j.ijhm.2011.08.006

McEvily, B., & Tortoriello, M. (2011). Measuring trust in organisational research: Review and recommendations. *Journal of Trust Research*, *1*(1), 23–63. https://doi.org/10.1080/21515581.2011.552424

Mohr, J., & Spekman, R. (1994). Characteristics of Partnership Success: Partnership Attributes, Communication Behaviour, and Conflict Resolution Techniques. In *Management Journal* (Vol. 15, Issue 2).

Moorman, C., Zaltman, G., Deshpande, R., Churchill, G., Jaworski, B., & Smith, D. (1992). Relationships Between Providers and Users of Market Research: The Dynamics of Trust Within and Between Organizations. In *Journal of Marketing Research: Vol. XXIX*.

Poppo, L., & Zenger, T. (2002). Do formal contracts and relational governance function as substitutes or complements? *Strategic Management Journal*, *23*(8). https://doi.org/10.1002/smj.249

Rai, A., Keil, M., Hornyak, R., & Wüllenweber, K. (2012). Hybrid relational-contractual governance for business process outsourcing. *Journal of Management Information Systems*, *29*(2), 213–256. https://doi.org/10.2753/MIS0742-1222290208

Sabherwal, R. (1999). The role of trust in outsourced IS development projects. *Communications Of The ACM*, *42*(2), 80–86.

Speklé, R. F. (2001). *Explaining management control structure variety: a transaction cost economics perspective*. www.elsevier.com/locate/aos

Van Der Meer-Kooistra, J., & Vosselman, E. G. J. (2000). *Management control of interfirm transactional relationships: the case of industrial renovation and maintenance*. www.elsevier.com/locate/aos

Vom Brocke, J., Simons, A., Niehaves, B., Riemer, K., Plattfaut, R., & Cleven, A. (2009). Reconstructing the giant: On the importance of rigour in documenting the literature search process. *17th European Conference on Information Systems, ECIS 2009*.

Vosselman, E., & Verstegen, B. (2009). *Contractual, relational and operational responses to control problems in interfirm transactional relationships: an integrated framework*.

Wicks, A. C., Berman, S. L., & Jones, T. M. (1999). The Structure of Optimal Trust: Moral and Strategic Implications. In *Source: The Academy of Management Review* (Vol. 24, Issue 1). https://www.jstor.org/stable/259039?seq=1&cid=pdf-

Appendix 1: Case description

A global major family-owned Dutch shipbuilder is active since 1927 and is operating in many ship markets, like tugs, workboats, offshore vessels, highspeed ferries, dredging vessels and naval. They operate over 35 ship and repair yards all over the world, employing more than 12.000 people. They have become very successful in building standard vessels on stock. This offers low risk, effective products, low cost and fast delivery times to the market, which responded very well to this. In order to manage their engineering, planning, supply chain, production and service processes they require many IT-systems and application to operate in harmony. Group IT & IM (ITIM) is responsible for delivering and supporting all infrastructure, applications and data in order for the shipbuilder (except Naval) to be operational excellent. ITIM employs well over 60 staff and has a substantial part of the IT outsourced to an Indian service provider.

The Indian service provider is a multinational Information Technology service and consulting firm based in Mumbai, India. It is part of a larger conglomerate and operates across 46 countries and employs well over 600.000 people. The company offers a wide range of services, including IT infrastructure, application management, workspace management, cloud services and nearly every IT consultancy imaginable.

Both parties started their first contract in 2017, whereby infrastructure services were the first to be outsourced. In the meantime, many other service, like SAP management, service desk, application management, data analytics has been added to the contract. They have served out the first five years of the contract and decided to extend the contract for an additional five years. This second phase should focus on getting maximum value out of the contract for the shipbuilder, where the basic services should now be under control. Over EUR 10 million is spent annually in this outsourcing contract.

Appendix 2: List of events

The following events might be of interest to discuss in this research:

- Differences of opinion
- Changes in the technical environment
- Changes in the organization environment
- Services are not delivered according to SLA
- People are not performing according to SLA
- New contract requirements
- Evaluation meetings

Appendix 3: Data to be collected on signals

The following data on signals send will be collected per signal (id):

- Reason for sending the signal?
- Who is/are the senders and in what role?
- When was the signal sent?
- Who are the intended recipients?
- What was the content of the signal as understood by the sender?
- What was the strength of the signal?
- What was the purpose of the sender sending the signal?
- To what extent was there a response of the intended recipient?
- Any addition of your own?

The following data on signals received will be collected per signal (id):

- Who is/are the recipients and in what role?
- When was the signal received?
- What was the content of the signal as understood by the recipient?
- What was the receiver(s)' interpretation of the content and strength of the signal?
- What was the response to the received signal?
- Any addition of your own?

Appendix 4: Data to be collected on trust

Instructions: Please use the following question to determine the right level of trust:

Honesty in exchange (Contractual trust)

1. We think that the people in _____ tell the truth in negotiations.

2. We feel that _____ negotiates with us honestly.

3. We feel that _____ negotiates joint expectations fairly.

4. We think _____ does not mislead us.

Make good faith effort (Operational trust)

5. We think that _____ meets its negotiated obligations to our department.

6. We feel that _____ will keep its word.

7. We feel that _____ tries to get out of its commitments.*

8. We think that _____ takes advantage of our problems.*

Limited opportunism (Relational trust)

9. In our opinion, _____ is reliable.

10. We think that the people in _____ succeed by stepping on other people.*

11. We feel that _____ tries to get the upper hand.*

12. We feel that _____ takes advantage of people who are vulnerable.*

* = reverse coded

Scale (1 = strongly disagree to 7 = strongly agree)

Appendix 5: meeting structure

In the Governance model, several boards are defined. The table below summarises the areas of responsibilities. Typical focus of each of the reviews at various levels will encompass the following:

Governance Board	Responsibility	Customer (C)	Service Provider (SP)
Steering Board (Quarterly)	▪ Overall governance regarding the engagement ▪ Providing strategic directions to the IT initiatives ▪ Identifying key business drivers that impact performance of the relationship. ▪ Reviewing account / relationship score card / key projects and discussing the performance against the originally planned KPIs/SLAs/targets and reasons for any deviations. ▪ Tracking and monitoring progress in the relationship and in the deliverables forecast for the relationship. ▪ Resources and capacity planning guideline ▪ Identifying and managing risks ▪ Participating in quarterly meetings to review relationship status. ▪ Discussing candidates and corresponding business cases for innovation / gain share projects	▪ CDO ▪ IT Director ▪ Manager Infrastructure Support ▪ Product Manager - Application ▪ Manager Workspace Support ▪ Manager Development ▪ Product Owner-Key Programs	▪ Business Head ▪ Client Partner ▪ Delivery Partner ▪ Engagement manager ▪ Delivery Manager MHS ▪ Agile Delivery Manager MAS

Capacity Planning (Quarterly)	▪ Discuss application group wise volumetric and capacity utilization for past three months ▪ Discuss on the projected forecast for enhancements in each team ▪ Finalize baseline volume and capacity for upcoming quarter	▪ Product Manager - Application	▪ Delivery Partner (as required) ▪ Agile Delivery Managers
Service Review (Monthly)	▪ Ensuring project is on track for delivery / Service Levels ▪ Driving resolution of program-level risks, issues and dependencies, and high-level actions ▪ Tactical planning, and resolving issues requiring attention ▪ Identifying and prioritising work items ▪ Identifying areas for improvements ▪ Discussing new initiatives ▪ Commissioning and implementing contingency plans ▪ Review program level status, issues, and concerns ▪ Identify and discuss service improvements that could qualify as candidates for innovation / gain share projects ▪ Command Centre Data Reporting and review including highlights and lowlights.	▪ Manager Infrastructure Support ▪ Product Manager - Application ▪ Manager Workspace Support ▪ Application Product Owners ▪ Infrastructure Team Leads	▪ Delivery Partner ▪ Delivery Manager MHS ▪ Service Delivery Managers ▪ Agile Delivery Manager ▪ Applications Scrum Master (For Managed Applications Services) ▪ Application Technical Architects ▪ Agile Service Manager ▪ Agile Coach ▪ MHS Team Leads ▪ Service Desk Manager

	▪ Service Desk Reporting and review including highlights and lowlights.		
Status Reporting **(Bi-weekly)**	▪ Ensuring operations is on track for delivery / Service Levels ▪ Driving resolution of operational risks, issues and dependencies, and high-level actions ▪ Tactical planning, and resolving issues requiring attention ▪ Identifying and prioritising work items ▪ Command Centre Data Reporting and review including highlights and lowlights. ▪ Service Desk Reporting and review including highlights and lowlights.	▪ Manager Infrastructure Support ▪ Product Manager - Applications ▪ Manager Workspace Support	▪ Delivery Partner ▪ Delivery Manager MHS ▪ Agile Delivery Manager ▪ Service Desk Manager
Sprint Planning Meeting (Monthly)#	▪ Product Backlog review ▪ Prioritization of user stories as per business value ▪ Discuss and prioritize ideas from Continuous Improvement Dashboard for current sprint ▪ Discuss and agree upon Sprint goal ▪ Finalize on the user stories for the sprint backlog based upon the capacity available	▪ Product Owner ▪ Functional Architect/Analyst	▪ Agile Coach (as required) ▪ Development Team ▪ Scrum Master ▪ Technical Architect
Sprint Review Meeting (Monthly)#	▪ Product Backlog is reviewed for “Done” and “not Done” user stories ▪ Demo of “Done” stories by the team ▪ Team discusses on what went well, challenges it faced and how those were resolved	▪ Product Manager-Applications ▪ Product Owner ▪ Functional Analyst/Architect ▪ Business Stakeholders (as required)	▪ Agile Coach (as required) ▪ Scrum Master ▪ Development Team ▪ Technical Architect ▪ Delivery Managers ▪ Delivery Partner

	▪ Discussion on what to do next to help with next sprint planning ▪ Review of the timeline, available capacity, potential skills required for the next release.		
Sprint Retrospective Meeting (Monthly)#	▪ Inspect how the last Sprint went with regards to people, process, and tools ▪ Identify what went well and potential improvements ▪ Create a plan for implementing the identified improvements	▪ Product Owner ▪ Functional Analyst	▪ Agile Coach ▪ Scrum Master ▪ Development team
Change Advisory Board (CAB) meeting (Weekly)	▪ Discuss all proposed changes to be authorized: o Business Impact (Outage required) o Communication o Change duration o Implementation Plan o Rollback plan ▪ Review failed/rollback changes from previous CAB and action for improvements ▪ Review extended, rescheduled or non-compliant changes from previous CAB ▪ Report Standard changes	▪ Change Manager ▪ Manager Infrastructure Support ▪ Manager Workspace Support ▪ Product Manager Applications ▪ Chief Information Security Officer (as required)	▪ Change Manager ▪ Delivery Manager MHS ▪ Agile Delivery Manager MAS ▪ Change Coordinator ▪ Delivery Partner (as required)
Status Reporting (Weekly)	▪ Monitoring day-to-day service operational activities ▪ Ensuring project level tracking ▪ Quality and SLA monitoring	▪ Manager Infrastructure Support ▪ Product Manager - Applications ▪ Manager Workspace Support	▪ Delivery Manager MHS ▪ Infra Team Leads (For Manage Hosting Services) ▪ Service Desk Manager

	▪ Assessing performance against milestones ▪ Maintaining an issue and risk log, which would be tracked to closure during the status meetings ▪ Performing corrective action ▪ Providing feedback into relationship board and implementing directions of the relationship board ▪ Participating in weekly meetings to review issues and overall status of project.		
Stand up Meeting (Daily)#	▪ Timebox meeting of each development team to answer the below questions: ▪ What was done yesterday to achieve the sprint goal? ▪ What will be done today to achieve the sprint goal? ▪ What are the impediments in reaching the sprint goal?	▪ Product Owner (as required)	▪ Development team ▪ Scrum Master

Appendix 6: Escalation management

Any issues in the service delivery area should follow the defined escalation process. In case the issue remains unresolved after a reasonable timeframe, it should be escalated to higher levels of management and involve the Client Partner who will use the experience and relationship with the executives of both parties to assist in a speedy resolution.

Relationship issues will be discussed and resolved at the appropriate levels within the Relationship structure. The different levels of escalation for the various problem categories are elaborated in the table given below.

Problem Category	Nature of Problem	First level of contact Service Provider	First level of contact Customer	Escalation level
Strategic Management	Relationship level issues related to: ▪ Contractual ▪ Strategic planning, goal alignment ▪ Capacity planning, commitments ▪ Infrastructure, Connectivity and Application	Client Partner	▪ CDO ▪ Director group IT & IM	3rd Level
Tactical Management	Problem could be related to: ▪ Resource – Skills, Availability ▪ Timely response to issues ▪ Project Monitoring and Control ▪ Customer Satisfaction	Delivery Partner Engagement Manager	▪ Manager Infrastructure Support ▪ Product Manager – Applications ▪ Manager Workspace Support ▪ Manager Development	2nd Level
Operational Management	Issues may relate to: ▪ Service Quality ▪ Schedule / SLA compliance ▪ Budget compliance	Delivery Manager	▪ Manager Infrastructure Support ▪ Product Manager – Applications ▪ Manager Workspace Support	1St Level

If an Issue arises, either Party may decide that escalation is desirable if resolution appears unachievable at the current management level. In such case, the Party desiring escalation will provide written notice of its intention to one or more member(s) of the other Party currently involved in the dispute. At either Party's request, the individuals currently engaged in attempting to resolve the Issue shall promptly meet again to attempt resolution of the Issue prior to further escalation. When and if either Party believes that the Issue cannot be resolved at the current management level, the Issue will then be escalated in accordance with these Issue Escalation Procedures.

Appendix 7: Data sheet

Agile way of working (Brigitte/Puneet)

Case:
Introducing and adopting the agile devops way of working

In february 2024 CUST adopted the agile devops way of working. With that the already signed MAS contract was possibly at breach as agile way of working was foreseen but not necessarily as it was implemented at CUST. That means that agreements mde in the contract were possibly no longer in sync with reality. E.g. in the contract it states that SP delivers a complete team that works agile, while in reality there are always mixed teams (SP/CUST). CUST is expecting SP to follow suit, understand the need and adopt together this new way of working. Reality is not so simple as SP also needs to learn and adopt the new way of working and transform interactions with CUST. There's good will to support, but a steep learning curve for both parties.

Issue perceived CUST: SP wants to show CUST they can support Agile Wow but lack transparancy how they will implement and execute. Agreement in contract is a bit fluid and vague.

Trust consists of 3 elements:

Honesty in exchange (contractual trust)	Is the other party honest during negotiations/exchange of information when committing to something
Make good-faith effort (operational tru	Does the other party behave in accordance with commitments made
Limited opportunism (relational trust)	Does the other party not take excessive advantage of another even when the opportunity is there.

														Impact on Customer			Impact on Service provider		
Signal Id	Signal type	Sender	Trigger/reason	Start date	End date	Recipients/participants	Message / Content	Goal signal	Understood signal	Urgency intended/ understood	Reaction receiver	Honesty in exchange	Good-faith effort	Limited opportunis	Honesty in exchange	Good-faith effort	Limited opportunism
1a	Request sent	CUST	Need for Training SAFe Agile	1-2-2024	7-feb	CUST and SP, SP Coaches, CUST RTE	workshop	To improve knowledge on both sides as CUST decided to transiiton into SAFe Agile.	yes	Medium	Workshop will be planned for by SP	Same	Same	Same	Same	Same	Same
1b	Escalation sent	CUST	Quality training	15-2-2024	16-feb	SP	Quality	There were quality issues with the training	yes	Medium	Quality Issues were recognized by SP and repaired	Same	Negative	Same	Same	Same	Same
1c	Alignment event	SP	Quality training & Scope	19-2-2024		CUST	response	Acknowledged the improvements in the training.	yes	Medium	Initial meeting to discuss issues with training. Recognized by SP who gave training by the book instead of contextualized. Afer second training again meeting to evaluate and decided on dry run together. Started with smaller group. Content was Tailor made for CUST SAFe adoption.	Same	Positive	Positive	Same	Positive	Positive
1d	Escalation sent	SP	Decision to change to SAFe with existing resources	22-2-2024		CUST	response	CUST chooses to embrace SAFe, it calls for mutual discussions and changes to the way of working/Roles. This is still an open issue for SP.	No	Medium	SP is already working along with CUST in the same regard.	Same	Same	Same	Same	Same	Negative
2a	Request sent	CUST	We need new people with different skill but also mindset in the teams.	10-2-2024	1-apr	SP Puneet	meeting	We need people with DEVOPS mindset in the team	yes	High	Recognized, promised to do better and to deliver better criteria	Same	Same	Same	Same	Same	Same
2b	Escalation sent	CUST	Long outstanding requests for new people	20-3-2024		SP Puneet	Mail	Recognized. Formal meeting planned.	yes	High	Meeting will be planned to discuss	Same	Negative	Same	Same	Same	Same
2c	Alignment event	SP	Existing roles transformed	1-4-2024		SP	Resources	SP thought it was more important to have resources who already know CUST and need to be trained in SAFE Agile then vice versa. Therefore keeps pushing existing resources. This was discussed in a meeting with Puneet and Brigitte.	yes	Very high	Recognized by CUST and agreed	Same	Positive	Same	Positive	Positive	Positive
2d	Alignment event	SP	High demand of SAP resources in market, SP trying all possible ways.	1-4-2024		SP	Resources	SAP functional cosultant resources	yes	Very high	50% of demand of SAP resources are fullfilled and actively working on fullfilling the remaining. Regular updates have been given to reqeustor.	Same	Positive	Same	Same	Same	Negative
2e	Escalation sent	SP	Backend Developer resource	15-4-2024		SP	Resources	Customer is not responding well	yes	Very high	- Job description keep changing. - CUST couldn't spend time to evaluate 70-80% matching Profiles also.	Same	Same	Same	Same	Negative	Same
2f	Request sent	CUST	HRM	24-apr	7-mei	Brigitte , Puneet	mail	We had an interview with a possible kandidate, CUST wasn't aligned yet internally, but SP already confirmed the candidate. The tone and the implications of the mail werent as agreed. Request to send another mail about the topic	yes	Very high	Associate was confirmed based on the feedback during interview. Whenever resource is provided and interview already conducted, there is limited time with us to confirm and close the process. We didn't want to loose the grood resource hence we get confirmation and went ahead.	Same	Same	Negative	Same	Same	Same
2g	Alignment event	SP	Rescourcing	7-mei		CUST	response	The Ask was for shared SM for Collab and Enggineering area and we planned the resource accordingly.	No	Very high	Ask from CUST was changed and Few stakeholders were not available to do the complete discussion.	Same	Positive	Positive	Same	Positive	Positive

Signal Id	Signal type	Sender	Trigger/reason	Start date	End date	Recipients/participants	Message / Content	Goal signal	Understood signal	Urgency intended/ understood	Reaction receiver	Honesty in exchange	Good-faith effort	Limited opportunism	Honesty in exchange	Good-faith effort	Limited opportunism
3a	Request sent	CUST	CUST needs better alignment	1-3-2024	15-mrt	CUST and SP, Puneet, IT value team	new meetings	SP wanted to meet every 2 weeks individually with all PM, CUST wanted a central meeting.	yes	Medium	Recognized by SP and promised to solve.	Same	Negative	Same	Same	Negative	Same
3b	Escalation sent	CUST	Meetings were still being individually planned	15-3-2024	16-mrt	SP, Puneet	Stop planning and do it central	The request was ignored in first instance and meetings were still being planned. That was at the end solved by stating it was needed to listen to the needs and the availabilty of CUST.	Yes	Medium		Same	Negative	Negative	Same	Negative	Negative
3c	Alignment event	SP	not enough time allowed	1-4-2024		CUST	response	to understand the challenges, requests, demands for each of the IT value teams to address.	No	High	Escalated by CUST without understanding the need of request from SP.	Same	Negative	Same	Same	Negative	Negative
3d	Alignment event	SP	appreciate time for all stakeholders	1-4-2024		CUST	response	Avoid wastage of time for stakeholders to whom the discussion is not relevant	No	Medium	one-one meeting not allowed between SP and PM/PO.	Negative	Negative	Same	Negative	Negative	Same
3e	Alignment event	SP	Value stream specifc discussion	1-4-2024		CUST	response	Existing team, improvements, proposals, contracts. Does CUST want SP to discuss proposal in central meeting ?	No	Medium	Should CUST not listen to SP at all? is that the New way of working ?	Positive	Positive	Same	Positive	Positive	Same
4a	Request sent	CUST	working devops	1-5-2024	1-mei	CUST and SP	meeting	we need to work more as devops together	yes	High	Agreed both, finding new ways of doing this toghether	Positive	Positive	Positive	Positive	Positive	Positive
4b	Alignment event	SP	working devops	3-5-2024		SP	Resources	Transform existing teams to deliver as DevOps	yes	High	Before starting DevOps, discussions between CUST and SP could have better aligned keeping Existing Contract in focus for discussion.	Negative	Same	Same	Negative	Same	Same
4c	Alignment event	SP	working devops	16-5-2024		CUST	MAS contract	alignment needed to align New way of working and Existing Mas contract.	yes	High	Better Quality, Better handover or knowledge sharing between the teams to enable DevOps among the team Still complete focus in only on Dev and operations is being not focused. This can lead to highly dissatisfied User.	Same	Negative	Same	Same	Negative	Same
5a	Request sent	CUST	metrics/ kpi	13-apr	1-mei	SP , coaches	request	Agile Coaches pick up all the inventarisation of the metrics with all the teams	Yes	Medium	Yes, but so far not all teams are included. Only still from old MAS contract	Same	Negative	Same	Same	Negative	Same
5b	Request received	SP	metrics/ kpi	13-apr		SP	SLA/KPI	Understand capabilities defined in OBEYA forums and modify SLA/KPI accordingly	yes	Medium	Agreed that the collation of SLA/KPI will continue and there will be appropriate or focussed discussion if there is a dip seen in any SLA.	Same	Same	Same	Same	Same	Same
5c	Alignment event	SP	metrics/ kpi	22-apr		CUST	SLA/KPI	DevOps team - Keeping the lights ON (KTLO) is still needed and user satisfactions is key	yes	Medium	Data for Collaboration squad and DAC was not included in MSR. For Collaboration we have started including now but for DAC its different Contract.	Same	Same	Same	Same	Same	Same
5d	Escalation sent	CUST	KPI	18-mei	30-mei	SP, Hanna, Puneet	request	Deliver your Performance Metrics for the teams in order to align the goals better	yes	Medium	SP need to align first, we still don't have them, feeling that they only want to share new ones	Negative	Negative	Negative	Negative	Negative	Negative
5e	Alignment event	SP	KPI	28-mei		Hanna, CUST	response	Mutually discussed and agreed that Performance targets for associates will be owned by SP and should be set in a way that they don't conflict with key targets set by CUST.	yes	Medium	Once the previous year process completed, performance targets for next year was shared with CUST.	Same	Negative	Negative	Same	Negative	Negative
6a	Request sent	CUST	Gallup	1-mei	1-mei	CUST and SP	meeting	set Gallup goals together	yes	High	positive session all involved, all SP people were there	Positive	Positive	Positive	Positive	Positive	Positive
6b	Alignment event	SP	Gallup	1-mei	1-mei	CUST and SP	Response	Better Engagement within Teams and with other stakeholders	yes	High	Gallup Survey is very good and this helps in identifying the gaps with respect to engagement.	Positive	Positive	Positive	Positive	Positive	Positive
6a	Request sent	CUST	SP extra daily	2-jun	8-mei	, Andre, Puneet	meeting	We found out that SP is having extra daily first and that with the joined daily. We want to know why	No	Medium	No clarity yet, but also hard to discuss because it was something we found out and it wasn't shared by SP	Same	Negative	Negative	Same	Same	Same
6b	Alignment event	SP	Devops Team	4-jun		CUST	monitoring	Operations health check get shared before CET business hours start.	No	High	group chat setup so that the issues can be dicussed and addressed upfront before the CET business hours start and also to share the report.	Same	Negative	Negative	Same	Negative	Negative
6c	Alignment event	SP	Coffee	6-jun		CUST	Response	Other commitments in cotract like automation, benefits etc.	No	High	Explaining Internal meetings are sometimes target to focus on these contracual commitment. Team is fully committed to work only for CUST.	Same	Positive	Positive	Same	Positive	Positive

Appendix 8 Lessons learned

After the workshops, together with the customer and the service provider, the following lessons learned were documented:

- Alignment between service provider and customer has to do with contract, operations and relation. If one of the three is out of sync with the other two, issues will arise. Currently the contract is out of sync with actual operations as customer has transitioned to SAFE agile way of working. The contract, however, has not changed and discussions on this topic didn't even start yet.
- Apparently, both parties know the contract is out of sync with required operations, but both parties didn't assess it as important enough to escalate and bring things in sync again. The customer just leaned a bit more on the relation to get things done as they just interpret the contract a bit different than the service provider. The service provider is so customer focused, trying to follow the contract and at the same time trying to satisfy the customers' new way of working. So, if one or both parties don't recognize a topic as an issue, alignment will not take place.
- Both customer and service provider need to take time to really correctly express and understand a request made. Define areas which are uncertain and need to be filled in by service provider. Although we all are very busy, take time to refine the question and explain in as much detail as possible. Service provider needs to make sure questions are asked and information is given of what the request means in their opinion, so that customer can confirm. Please speak out or describe what will be delivered.
- If possible organize a dry run, so that everybody can see what actually will happen.
- Service provider should not only speak out in terms of content (e.g., technology, processes, resources, etc.), but also on how they feel or think about where the content is going. What frustrates them? What is customer doing which they feel negative about? This is also a cultural thing. Everybody feels customer already mastered this trait but service provider can grow here. Customer should help them and be aware of this fact. More balance is needed as this leads to a feeling at customer of lack of transparency on the side of service provider. Example: When service provider thinks it's better to keep Mahesh and learn him the ropes on SCRUM master, it is better to speak out as otherwise customer thinks service provider is acting primarily in the interest of service provider and not in the interest of the customer.
- Maybe the contract should not only mention what the service provider will provide but also what is expected from the customer.
- A POC cannot take a year to complete. If customer thinks a POC is needed to prove something, they should define success criteria to be seen in a POC of three months or maybe six months maximum. A team working a year in POC mode has to many uncertainty the team will continue which affects their mood and motivation.
- Take time to onboard new people, even if we are in a hurry. This is a vital part of getting people up to speed and productive. Time won during onboarding you lose three times over later in the process.
- Negotiating a contract with service provider for XET took way longer than expected. You might expect that contracts falling under the master agreement between customer and service provider don't take very long. What was the actual reason -> customer had no budget and wanted to use existing credits?
- XET team was highly dependent on another team (IT4IT) for their delivery. This was not clear at the beginning. Did customer or service provider really understood the mode of operations? How to prevent this as this now took months to find out what was wrong and pivot (move 1 member from XET to IT4IT).