IT Governance Mechanisms in Multisourcing – a Business Group Perspective

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Abstract

Many international corporations are adopting multisourcing strategies. Multisourcing is defined as the blending of services from multiple company-internal and external suppliers. To date, performance measurement and governance-related aspects have been scarcely covered in the academic literature of IT outsourcing. With this study, we intend to broaden understanding of how business groups utilize governance mechanisms in a multi-sourced IT environment. This article contributes to the body of knowledge in three ways. First, it describes established IT governance mechanisms; second, it presents insights into a real-life example of IT governance mechanisms at a leading financial services provider; and third, it extends current literature toward multisourcing in a group-context by proposing a framework of IT governance mechanisms targeting the different relationships of multisourcing in business groups. In addition, this research is useful for corporations facing similar challenges.

1. Introduction

Multisourcing has been identified by both practitioner-related and scholarly literature as an emerging key strategy in today's IT outsourcing endeavors of many large corporations (see inter alia [1, 2, 3, 4, 5]). Cohen and Young describe multisourcing as the blending of services from multiple company-internal and external suppliers [2].

Dibbern et al. [6] identify five major issues of IT outsourcing: (1) why to outsource, (2) what to outsource, (3) which decision process to take, (4) how to implement the sourcing decision, and (5) what is the outcome of the sourcing decision. While the first three questions have been addressed intensively by researchers in the past, the implementation process and the sourcing decision outcome require further study. In particular, performance management and governance-related aspects in the context of IT outsourcing decisions have scarcely been covered despite their high

relevance [7, 8, 6, 9, 10, 11, 12, 13, 14] and the extensive research that has been conducted in general on IT governance (see inter alia [15, 16, 17, 18, 19, 20]). This study builds upon those findings and aims to extend current literature toward multisourcing in business groups.

The major part of current IT outsourcing studies addresses dyadic relationships and only little experience-based research has investigated how business groups utilize IT governance mechanisms in multisourcing. Additionally, expert interviews with senior IT management consultants have indicated that governance aspects in multisourcing are of great practical relevance. Serving as an example, one interviewee stated:

In our clients' frequently multi-sourced IT function, governance is of high relevance, yet the clients struggle to identify the right levers to implement.

With this research study, we intend to broaden understanding of how business groups implement governance mechanisms in a multi-sourced IT environment. Therefore, we have defined one comprehensive research question: *How do business groups apply governance mechanisms in multisourcing?* This question has been further specified into two detailed sub-research questions:

[RQ.1] What are relevant IT governance mechanisms based on the current body of knowledge?

[RQ.2] Which mechanisms could a multisourcing governance framework in a business group encompass?

To answer these research questions, we conducted a qualitative in-depth single case study according to Yin [21] to investigate multisourcing relationships at a leading global financial services provider. We have chosen this organization because financial services providers are in the forefront of outsourcing and offshoring both IT and business processes [4].

This article aims to contribute to research on IT outsourcing in general and IT governance mechanisms in a multisourcing-context specifically, and is structured as follows. Section two outlines the research methodology. Section three provides an overview of

fundamental terms and related research. Section four considers the case of a leading financial services provider. Section five reveals the main case study findings. In section six we discuss our proposal toward a framework of IT governance mechanisms, and in section seven we highlight the lessons learned before we conclude in section eight.

2. Research methodology

We have chosen a four-step research approach. In order to validate our research questions with regard to relevance, we interviewed sourcing experts. Furthermore, we analyzed the current body of knowledge and conducted an in-depth single case study in order to investigate a real-life example of governance mechanisms in multisourcing. Based on those findings, we synthesized and proposed a framework of governance mechanisms targeting the different relationships of multisourcing in a business group. The results are presented and discussed in this article.

2.1. Expert interviews

In order to identify the specific requirements of practitioners (relevance of research question), we conducted expert interviews. We chose three senior experts from management consulting firms based on their exceptional experience in dealing with multisourcing cases.

Table 1: Expert interviews

Expert	Company	Background
1	Management consultant A	IT governance, IT sourcing, IT performance management
2	Management consultant B	IT strategy, IT organization, IT sourcing, IT shared service centers
3	Management consultant C	IT strategy, IT governance, IT sourcing (especially offshoring)

Each interview was conducted in a 30-minute to one-hour period. The interviews were semi-structured and all were transcribed [21].

2.2. Literature analysis

We conducted a literature review of IT governance in general and governance mechanisms in particular, in order to provide an overview of the current body of knowledge and to share understanding of basic terms [22]. By focusing our research study on multisourcing, we could also investigate governance mechanisms that

are utilized in IT outsourcing relationships (please refer to section 3).

2.3. Single case study

A thorough single case study [21] constituted the basis for answering the research questions. Its purpose was to analyze the global multisourcing approach of organization A and to identify the governance mechanisms applied. In general, case studies allow for a facilitation and deeper understanding of phenomena by reducing their complexity. Thus, they are beneficial research designs for qualitative research within IS [23, 24].

Organization A – as the single case – is advantageous because it is characterized by high complexity, an enormous number of business entities in the context of a business group organizational model as well as an intense multisourcing approach. These features are considered rare, thus justifying the selection of organization A for a single case [21].

Additional rigor is gained through access to previously inaccessible key documents and a close relationship between the researchers and the key stakeholders at organization A [21, 25]. Moreover, according to Yin [21], a single case study adds value if it is used to explore a previously un-researched field. Yin acknowledges that a complete and detailed description of a scarce phenomenon is a contribution to knowledge itself.

In order to meet the requirements identified by Yin [21], detailed information about the global multisourcing approach of organization A was gathered through multiple interviews with its representatives and external suppliers (please refer to Table 2).

The data collection process was conducted over a four-month period in spring 2010. Each interview lasted one to two hours. The interview guidelines were based on the expert interviews conducted before the single case study and covered the multisourcing approach chosen with a special emphasis on the group-context as well as the development and the implementation phase. The main data content included the objectives of organization A, the sourcing dimensions, and the contractual framework as well as governance and performance management-related aspects.

In addition to the semi-structured interviews, the researchers had access to the following: strategic documents that define the multisourcing approach, contracts, transition documents that illustrate the approach and the implementation at business entity level, board reports, deals reports that encompass projects that have been signed or negotiated, and

performance and supplier relationship management reports.

Table 2: Case study interviews

ID	Role / Affiliation	Responsibilities
1	Multisourcing program manager at organization A	Overall program responsibility
2	Multisourcing project manager at organization A	Project responsibility
3	Transition manager at organization A	Transition to business entities and support of local implementation
4	Supplier relationship manager at organization A	Supplier relationship management, contract management and deals tracking
5	Multisourcing controller at organization A	Financial and multisourcing controlling
6	Multisourcing manager of large business entity at organization A	Implementation of multisourcing at business entity
7	Relationship manager at external supplier A	Management of relationship with organization A
8	Relationship manager at external supplier B	Management of relationship with organization A
9	Relationship manager at external supplier C	Management of relationship with organization A

2.4. Analysis and evaluation

The process of data collection and analysis conforms to guidelines suggested by the grounded theory approach [26, 27]. Thus, theory construction resulted simultaneously from interview guidelines based on previous interviews (theoretical sampling) and continuous interviews until theoretical saturation was reached. For data analysis, we applied open coding as suggested by Corbin and Strauss [28]. All interviews were transcribed. To verify the transcripts, we subsequently challenged the transcripts in an iterative process with the interview partners. The additional internal documents of organization A were also examined and the data were triangulated with the findings of the single case study [29, 27].

In order to validate the findings from the single case study with organization A, we had the opportunity to present and discuss our generalized model with sourcing practitioners and IT management consultants during an expert workshop. Additionally, we carried out three follow-up expert discussions.

3. Theoretical foundation and related research

For a field of research it is important to share understanding of basic terms. For this reason, Zorn and Campbell [22] suggest defining key terms. Based on a literature review, we provide an introduction to multisourcing in a group-context and give an overview on governance mechanisms discussed in current literature.

3.1. Multisourcing in a group-context

The definition of the *multisourcing* concept comprises the parallel utilization of services from multiple company-internal (such as in-house staff or shared service centers) and external suppliers [2]. The increasing importance of multisourcing strategies in a dynamic and global business environment is associated with the corporate prioritization of cost efficiency, flexibility, and quality [30, 4, 1, 31]. The application of multisourcing strategies involves both opportunities and threats for the company. Benefits of a multisourcing approach are flexibility and quality as well as increased competition between the suppliers. As a consequence, a multisourcing strategy allows for risk mitigation and cost reduction [32, 33, 34, 35, 36]. However, high prerequisites for managerial capabilities and extensive requirements in terms of governance of multisourcing relationships are adverse implications of multisourcing strategies. Additionally, multisourcing may necessitate adoptions in the corporation's operational model [1, 2, 37, 4].

Many international corporations are adopting multisourcing, such as large business groups [38]. For the term *business group* a wide range of definitions exist [39, 40, 41, 42]. For our research study, we apply Granovetter's [39] definition of business groups as "sets of legally separate firms bound together in persistent formal and/or informal ways". This also encompasses *management holdings* in which a parent company "confines itself to strategy and finance, and owns operational subsidiaries that are legally separate" [39]. Furthermore, a business group is characterized by a systematic delegation of duties between the group center and the business entities (BE). While the extent to which the group center has vertical control over the business entities in terms of ownership and governance may vary, it is associated with a minimum of common administrative, financial, and managerial coordination [39]. A business group is beneficial because it combines the flexibility and customer orientation of smaller, local companies with the market presence,

power, and economies of scale of large companies (see inter alia [43, 44, 45]).

Frequently, IT governance in business groups is characterized by a federal model (see inter alia [46, 18, 47]). Weill defines this model “as coordinated decision making involving both a center and its business units” [46], which is in line with the definition of Sambamurthy and Zmund [18] that emphasizes that both corporate IS (group center) and business entities assume authority for different IS functions. Moreover, Handy [48] identifies the need for multi-level or at least two-level responsibility and accountability in business groups. In this context the group center “provides group-wide IT services and exerts some degree of central leadership and control of IT activities” [47].

Hitherto, IT outsourcing research was mainly concerned with dyadic relationships. Due to multiple company-internal and external suppliers of services, multisourcing itself increases complexity on the supply-side. However, the organizational structure of a business group adds further complexity to the outsourcing relationship on the demand-side because it requires the distribution of the sourcing activities between the group center and the business entities.

3.2. Governance mechanisms

Van Grembergen and De Haes [49] define *IT governance* (enterprise governance of IT) as “integral part of corporate governance”, which “addresses the definition and implementation of processes, structures and relational mechanisms in the organization that enable both business and IT people to execute their responsibilities in support of business/IT alignment and the creation of business value from IT-enabled business investments”. In this context, *IT governance mechanisms* are used to deploy IT governance in organizations [50] and are used by IT managers on a daily basis [51]. According to Peterson [50], there exist three types of IT governance mechanisms:

- **structures:** “structural (formal) devices and mechanisms for connecting and enabling horizontal, or liaison, contacts between business and IT management (decision-making) functions”.
- **processes:** “formalization and institutionalization of strategic IT decision making or IT monitoring procedures”.
- **relational mechanisms:** “the active participation of, and collaborative relationship among, corporate executives, IT management, and business management”

Weill and Ross [51] analogously define three types of governance mechanisms: decision-making structures, alignment processes, and formal communications.

In IT outsourcing, governance aspects recently became of high relevance to practitioners and of scientific interest to researchers (see inter alia [52, 11, 12, 13, 14, 8, 9]). By way of example, Clark et al. [11] stated that “the truly critical success factors associated with successful outsourcing are those associated with vendor governance”. In this respect, Behrens [53] proposes four types of governance mechanisms that are relevant for IT outsourcing: contracts, processes, structural liaison devices, and relational norms.

All three definitions of governance mechanism types have in common processes, structures, and relational mechanisms as distinctive attributes. While also applying governance mechanisms to an external supplier in the context of IT outsourcing relationships, Behrens [53] adds the contract as a supplementary and distinct type of mechanism. This is supported by Currie and Willcocks [54] and Cross [32], who claim that contracts are of great importance in multisourcing.

Many researchers list concrete examples of governance mechanisms (see, inter alia, [50, 55, 56, 16, 57, 58]). However, De Haes and Van Grembergen [15] provide a summary of governance mechanisms and suggest a certain set of relevant ones. Table 3 gives an overview of the key minimum baseline (*KMB*) for governance mechanisms [15] and extends this list to outsourcing by adding the mechanism type *contracts* as suggested by Behrens [53].

Table 3: Exemplary overview of governance mechanisms (based on key minimum baseline of [15] and extend by [53])

Type	Governance mechanisms
Contracts	– Contractual agreements with suppliers
Structures	– IT steering committee – IT project steering committee – CIO reporting to CEO and/or COO
Processes	– Portfolio management (incl. business case, etc.) – IT budget control and reporting – Project governance / management methodologies
Relational mechanisms	– IT leadership

The *KMB* is a subset of a comprehensive, validated list (*CVL*) of governance mechanisms encompassing twelve mechanisms for structures, eleven for processes, and ten for relational mechanisms. This list has been identified by an intense literature review and condensed to a key minimum baseline concluding from

extreme case research [15]. The *CVL* can be found in [15].

4. Case description

Organization A is one of the world's leading financial services providers. It can best be described as a multinational business group with a group center and numerous legally independent business entities. The group center does not assume any operational responsibility but rather manages the group. The IT function of organization A is characterized by a decentralized organizational approach with both a group chief information officer (GCIO) and local CIOs at business entities along with a federal model as regards IT governance. This is, for example, reflected in an IT committee that is headed by the GCIO and encompasses local CIOs of the main business entities.

In 2008, organization A implemented global multisourcing in the IT function. For this purpose, the previously largely unconsolidated supplier base was reduced to a few preferred external suppliers with strong offshore capabilities. The contractual framework for the selected suppliers with whom organization A entered into a strategic relationship consisted of: [C.1] the multisourcing master service agreement (*MMSA*) at group level; [C.2] the multisourcing business entity specific service agreement (*MBSA*) at business entity level; and [C.3] the multisourcing project specific service agreement (*MPSA*) at project level.

The development of the multisourcing concept at organization A was led by a multisourcing team at the group center with support of some business entities and was rolled out in several phases at business entity level. The business entities' CIOs – supported by the transition managers from the central multisourcing team at the group center – were responsible for the implementation of the multisourcing concept at the globally dispersed business entities. Due to the federal governance model in the IT function, the central multisourcing team had no authority to force local CIOs to implement and utilize the developed multisourcing approach. For this reason, governance mechanisms were an important lever to support the implementation and utilization of the multisourcing concept within the business group and to steer the preferred external suppliers.

5. Case analysis

Throughout our research study at organization A, we encountered three major relationships of multisourcing in a group-context and respective

governance mechanisms that are utilized in each relationship. In the following, we describe these relationships and the particular governance mechanisms and propose – based on current literature and case study findings – mechanisms of a multisourcing governance framework.

5.1. Relevant relationships when applying multisourcing in a group-context

In a first step, we detected three major relationships which occur when a business group applies multisourcing. Figure 1 illustrates those three relationships:

- [R.1] Internal relationship between the group center and the individual business entities.
- [R.2] External relationship between the group center and the individual preferred external suppliers.
- [R.3] External relationship between the individual business entities and the individual preferred external suppliers.

Figure 1: Relationships of multisourcing in a group-context

Relationships [R.1] and [R.2] are characterized by an 1:n relationship (one-to-many) between the single group center and the various internal business entities and the various external preferred suppliers respectively. In comparison, relationship [R.3] between the individual business entities and the numerous preferred external suppliers can be characterized as m:n relationship (many-to-many).

Relationship [R.1] represents the company-internal federal governance model of a business group between the group center and the business entities. Relationship [R.2] represents a strategic layer between the group center and the individual preferred external suppliers covering predominantly framework agreements as well as the strategic monitoring and steering of the suppliers. Relationship [R.3] represents an operative layer between the individual business entities and the

preferred external suppliers. It principally covers individual contracts on business entity level and project level as well as the operational monitoring and steering in terms of service delivery.

5.2. Governance mechanisms utilized in a multisourced environment

In a second step, we identified different governance mechanisms that are utilized in multisourcing at a business group. Table 4 lists the different mechanisms and indicates if those are covered in the CVL and KMB of governance mechanisms as suggested by De Haes and Van Grembergen [15]. Since KMB is a subset of CVL, we state “both” in respective cases.

Table 4: Mapping of governance mechanisms to existing literature

Type	Multisourcing governance mechanisms	Covered by
Contracts	Contractual agreements on: – Group level – Business entity level – Project level	None, yet CVL covers SLAs
Structures	– IT steering committee – Multisourcing project committee – General and multisourcing specific reporting structures	– Both – Both – Both
Processes	– Performance measurement ▪ Customer satisfaction survey – Portfolio management ▪ Sourcing planning ▪ Group / business entity specific business case – Management methodologies ▪ Multisourcing deals tracking ▪ Maturity model – Multisourcing control and reporting (on strategic and operational level) – Benefits mgmt. / reporting	– CVL – Both – Both – Both – Both – CVL
Relational mechan.	– Knowledge management – Informal supplier meetings – Multisourcing leadership	– CVL – CVL – Both

The analysis indicates that all KMB governance mechanisms suggested in the literature can be identified in our case study. This in turn validates the relevance of the stated governance mechanisms also for multisourcing in business groups. Four governance mechanisms that we identified are not listed in the KMB. However, they can be found in the CVL of twenty-three governance mechanisms [15]. Only the contracts are not explicitly listed; yet, the CVL encompasses service level agreements (SLAs) listed as an IT governance process. Nevertheless, we list

contracts as a distinct attribute on the same level as structures, processes and relational mechanisms based on its importance in IT outsourcing relationships. Furthermore, we suggest different types of contractual agreements. Contracts on project level usually encompass definite SLAs, whereas a framework agreement on group level covers a standard process model of collaboration in the context of a strategic relationship.

6. Discussion

While there is a growing body of literature on IT outsourcing and IT governance mechanisms, there is hardly any consideration of governance mechanisms of multisourcing in a group-context. In addition, case studies are scarcely published in this field of research. Therefore, the findings of the present case study are especially important.

We provide not only insights into a real-life example of one of the world’s leading financial services providers that utilize multisourcing, but we also analyze how governance mechanisms defined in current literature are applied in practice and how they can be mapped to the specifics of multisourcing in a business group. We found that the defined key minimum baseline (KMB) of governance mechanisms also applies to multisourcing in a group-context and that – besides contractual agreements – all additional multisourcing governance mechanisms are covered by current literature. Even contractual agreements are considered to some extent as SLAs in the CVL. Nevertheless, we expand current literature by proposing an extended framework for governance mechanisms in multisourcing that encompasses contracts as a fourth type of governance mechanism and, thereby, support Behrens’ suggestion [53]. While contracts are mainly the outcome of negotiations with suppliers, we suggest leveraging them as governance mechanism. In particular, it is important to emphasize the different contractual agreements along the group, business entity as well as project level and their different objectives. At group level, contracts are rather strategic and encompass relationship and collaboration-related aspects between the client organization and the external suppliers. Contracts on the business entity level adopt the framework agreement to local specialties such as local laws and regulations. In order to steer the service delivery distinct SLAs are defined at the project level. Current governance literature is confined to SLAs and we intend to correct this shortcoming in the context of multisourcing in business groups.

Based on current literature and case analysis, we differentiate two basic dimensions of multisourcing governance mechanisms in a business group:

- **Company-internal mechanisms** are applied in relationship [R.1] of the group center and the business entities.
- **Supplier-related mechanisms** are applied to the preferred external suppliers on a strategic layer [R.2] and on an operational layer [R.3].

In order to derive a framework of IT governance mechanisms that targets the different relationships of multisourcing in business groups, we map the identified governance mechanisms to the three relationships (please refer to Table 5).

During the validation with sourcing practitioners and IT management consultants, we had the opportunity to specify our framework in terms of distinct mechanisms and relationship structure as well as the three different layers of contractual agreements. We could also discuss and validate the realization of proposed mechanisms in business groups that led to concrete examples. In our governance mechanisms framework, which is principally dedicated to multisourcing, we propose at least one governance

mechanism in each of the four types that is related to the supplier and covers the relationship [R.2] or [R.3] or both. Thereby, we extend the current literature on IT governance mechanisms that focuses on the company-internal dimension relationship [R.1]. In addition, we propose particular governance mechanisms targeting multisourcing in a business group, while adopting those of the key minimum baseline [15].

However, this study also possesses some limitations. One limitation is that we have only investigated a single case. Although we collected the case data from nine representatives both from the client organization and the preferred external suppliers, and we had access to key documents and validated our propositions in a workshop as well as during follow-up discussions, a broader sample would help to further validate the findings.

A further limitation is that the derived framework is mainly based on the organizational specifics of organization A. However, the intention was to generalize our proposed framework to business groups, as we were well aware that the definitions of the term business group diverge.

Table 5: Mapping of governance mechanisms to multisourcing relationships

Type	Multisourcing governance mechanisms	Exemplary realization of multi-sourcing in business groups	Dimension	Relationship
Contracts	Contractual agreements on: <ul style="list-style-type: none"> – Group level – Business entity level – Project level 	Agreements encompassing: <ul style="list-style-type: none"> – [C.1] MMSA – [C.2] MBSA – [C.3] MPSA 	<ul style="list-style-type: none"> – Supplier-related – Supplier-related – Supplier-related 	<ul style="list-style-type: none"> – [R.2] – [R.3] – [R.3]
Structures	<ul style="list-style-type: none"> – IT steering committee – Multisourcing project committee – General and multisourcing specific reporting structures 	<ul style="list-style-type: none"> – GCIO and local CIOs – Joint multisourcing project management office (client organization and suppliers) – CIO reports to COO or CEO 	<ul style="list-style-type: none"> – Company-internal – Supplier-related – Company-internal 	<ul style="list-style-type: none"> – [R.1] – [R.2], [R.3] – [R.1]
Processes	<ul style="list-style-type: none"> – Performance measurement <ul style="list-style-type: none"> ▪ Customer satisfaction survey – Portfolio management <ul style="list-style-type: none"> ▪ Sourcing planning ▪ Group/business entity specific business case – Management methodologies <ul style="list-style-type: none"> ▪ Multisourcing deals tracking ▪ Maturity model – Multisourcing control and reporting (strategic/operational level) – Benefits mgmt./reporting 	<ul style="list-style-type: none"> – Survey of multisourcing clients – Multisourcing opportunity plan – Multisourcing business cases (group/BE-level) – Deal reporting by supplier – Multisourcing maturity model – Strategic KPIs (group level) – Operational KPIs (BE-level) – Benefit tracking 	<ul style="list-style-type: none"> – Supplier-related – Company-internal – Company-internal – Supplier-related – Company-internal – Supplier-related – Supplier-related – Supplier-related – Company-internal 	<ul style="list-style-type: none"> – [R.2], [R.3] – [R.1] – [R.1] – [R.2] – [R.1] – [R.2] – [R.3] – [R.1]
Relational mechanism	<ul style="list-style-type: none"> – Knowledge management – Informal supplier meetings – Multisourcing leadership 	<ul style="list-style-type: none"> – Transition workshops for BEs – Client/supplier meetings – Executive commitment/sponsor 	<ul style="list-style-type: none"> – Company-internal – Supplier-related – Company-internal 	<ul style="list-style-type: none"> – [R.1] – [R.2], [R.3] – [R.1]

7. Lessons learned

During the research study we encountered a set of lessons that could be helpful for organizations acting in a multisourced environment.

Lesson 1: Utilize governance mechanisms to support the implementation of multisourcing. The study reveals that governance mechanisms are a lever to implement multisourcing in federal organizations. The identified examples and the derived framework might guide organizations by defining the right set of mechanisms.

Lesson 2: Use a two-dimensional approach of governance mechanisms. In order to cover all relevant relationships of multisourcing in business groups, our findings suggest using both company-internal and supplier-related governance mechanisms.

Lesson 3: Contractual agreements identified as important supplier-related governance mechanism. The study recommends cascading contractual agreements covering group, business entity, and project level. This approach allows for each business entity to utilize the master service agreement and to adopt standardized and pre-negotiated agreements on business entity and project level to individual needs.

Lesson 4: Define governance mechanisms before entering into negotiations. Since multisourcing might require some organizations to adopt the operational model and sets high prerequisites for managerial capabilities, the study proposes to define governance mechanisms before entering into negotiations with potential suppliers. This timely definition permits that governance mechanisms such as KPIs or SLAs are already discussed and agreed on during the request-for-proposal (RFP) phase. Integration after contract closure is rarely beneficial for the client organization.

Lesson 5: Central multisourcing instance is advantageous. The study further exposes that a central multisourcing instance supporting the development and implementation is helpful. This instance (one role or a team, e.g. joint multisourcing project management office) can coordinate the multiple suppliers and the various business entities and allows for standardization and economies of scale.

8. Conclusion

We provided an in-depth single case study of a worldwide leading financial services provider and its progression toward multisourcing. Based on a broad literature review and a detailed case analysis, we extended current work on this subject and aimed to answer two sub-research questions that supported our

overall research question: *How do business groups apply governance mechanisms in multisourcing?*

By answering this question, we aimed to contribute to the body of knowledge on IT outsourcing in general and IT governance mechanisms in particular, by extending the current literature to include multisourcing in a group-context. For this purpose, we proposed a framework of governance mechanisms that specifically targets the different relationships of multisourcing in business groups. In order to derive a framework, we conducted an in-depth literature review on multisourcing and business groups and built upon existing research on IT governance mechanisms. In a detailed case analysis of a leading financial services provider, we extracted multisourcing governance mechanisms and mapped them to current literature. This in turn built the basis for our proposed multisourcing governance mechanisms framework that added a supplier-related dimension and corresponding mechanisms. Moreover, the lessons learned section of this article should be useful for corporations facing similar situations.

Overall, we discerned that current literature on IT governance mechanisms can for the most part be applied to multisourcing. Our in-depth case study indicated that the most important governance mechanisms suggested in the literature are also utilized by business groups generally and in a multisourcing-context in particular. This validates the relevance of the stated governance mechanisms in literature. However, we suggest supplementing the current literature with the mechanism type contracts and introducing governance mechanisms that cover the supplier-related relationship.

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