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The Impact of Strategic IT Partnerships on IT Security

Jason K. Deane[1], Terry R. Rakes[1], Loren Paul Rees[1], Wade H. Baker[2]
[1]*Department of Business Information Technology, Pamplin College of Business, Virginia Tech*
[2]*Director of Risk Intelligence, Verizon Business Security Solutions*

ABSTRACT: *Partnering is a common business practice which takes advantage of outside expertise and allows companies to focus efforts on their core competencies. A key component of partner coordination is information sharing. Whether a partner is a traditional partner such as a supply vendor, where the firms use information technology (IT) as a facilitator for information sharing, or an IT partner to which an organization outsources certain IT functions, IT allows partners to open information borders to each other. While beneficial in many ways, this sharing also creates security vulnerabilities which should not be ignored. In this study, we examine forensic accounts of numerous past security incidents in an effort to learn more about the impact of partner relationships on security risk, and to suggest factors which may be indicators of increased risk.*

KEYWORDS: *IT Security, IT Risk, Strategic Partnerships, IT Fraud.*

1. Introduction

In the modern global economy, reduced vertical integration and a heavy reliance on strategic corporate partnerships has become the norm (Flynn, Huo & Zhao, 2010). Organizations have increased their reliance on the outsourcing of non-core activities choosing alternatively to focus their energy and resources on their core competencies (Russell & Taylor, 2011). The economies of scale afforded by these relationships, regardless of whether the partnership is based on the delivery of direct or indirect goods or services, often motivate organizations to move away from traditional contract-driven supplier agreements and instead to move to a heavier dependence on more strategic partnerships. In doing so, companies are choosing to reduce their number of business partners in an effort to develop and grow a small number of very highly integrated relationships in lieu of maintaining a larger number of loosely integrated ones (Flynn et al.; Schliephake, Stevens & Clay, 2009).

To realize the full potential of these relationships, companies are routinely turning to advancements in technology to increase the level of transparency, openly sharing information electronically with their business partners (Du, Lai, Cheung & Cui, 2012). Within supply chains, information asymmetry between companies and their partners is one of the biggest causes of the “bullwhip effect” where upstream suppliers continually