

LINKING ITIL WITH OUTSOURCE SERVICES

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LINKING ITIL WITH OUTSOURCE SERVICES
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To my beloved husband and family
for their encouragement, support and pray

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ABSTRACT

The arrival of the Internet and the rush to e-commerce has seen many companies look to outside vendors to supply necessary skills and competencies, as these are often not available in-house. Many large organizations are increasingly outsourcing their IT functions. Factors like lower costs, improved productivity, higher quality, higher customer satisfaction, and ability to focus on core areas are some of the benefits of outsourcing. However, there are many challenges and problems associated with IT outsourcing. As a strategic resource, outsourcing must be governed accordingly to mitigating the problems. In this project, I identify the main problems and challenges related to IT outsourcing. In addition, we delve into some important issues on IT outsourcing, particularly the challenges along with benefits. IT Infrastructure Library (ITIL®) delivers framework by providing best practices that provide governance on delivering quality, cost effective, and efficient IT services. So ITIL V3 will be used as a solution in this project. ITIL can be served as a framework for managing the relationship with an outsourcing service provider. This study will help the management to identify the problems and take the necessary remedial steps. In this project, a framework will be suggested that is arisen from the ITIL V3 framework for managing the outsourcing projects and there are some activities and suggestion to implementing each process.

ABSTRAK

Kemunculan internet dan e-dagang telah menyebabkan kebanyakan syarikat mencari pembekal luar untuk membekal kemahiran dan kompetensi yang diperlukan, Hal ini demikian kerana ia tidak didapati di rumah. Banyak organisasi besar semakin mengembangkan fungsi IT mereka kepada subkontraktor IT. Faktor-faktor seperti kos yang lebih rendah, produktiviti yang semakin meningkat, kualiti yang lebih tinggi, kepuasan pelanggan yang semakin tinggi, dan kemampuan untuk fokus pada bidang utama adalah beberapa manfaat kepada subkontraktor IT. Namun, terdapat banyak cabaran dan masalah yang berkaitan dengan subkontraktor IT. Sebagai sumber strategi, subkontraktor harus diatur dengan bijak untuk mengurangkan masalah. Dalam projek ini, saya telah mengenalpasti masalah dan cabaran utama yang berkaitan dengan subkontraktor IT. Selain itu, saya juga telah mengkaji beberapa isu penting khususnya cabaran dan faedah subkontraktor IT. IT Infrastructure Library (ITIL ®) menyampaikan rangka kerja dengan menyediakan amalan-amalan terbaik yang memberi kerajaan penyampaian terbaik, kos yang efektif dan perkhidmatan IT yang berkesan. ITIL V3 digunakan sebagai penyelesaian dalam projek ini. ITIL boleh dijadikan sebagai rangka kerja untuk menguruskan hubungan dengan pembekal perkhidmatan subkontraktor. Kajian ini akan membantu bahagian pengurusan untuk mengenalpasti masalah dan mengambil langkah-langkah pembaikan yang diperlukan. Dalam projek ini, sebuah rangka kerja dihasilkan dengan menggunakan ITIL V3 untuk menguruskan projek-projek subkontraktor dan beberapa saranan untuk aktiviti dan cadangan pelaksanaan masing-masing.

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LIST OF ABBREVIATIONS

CCTA	–	Central Computer and Telecommunications Agency
CMM	–	Capability Maturity Model
COBIT	–	Control Objectives for Information and Related Technology
CSI	–	Continual Service Improvement
DSL	–	Definitive Software Library
EDA	–	Exploratory Data Analysis
IACEP	–	Informational and Analytical Centre of Environmental Protection
ITGI	–	Information Technology Governance Institute
ITIL	–	IT Infrastructure Library
ITSCM	–	Information Technology Service Continuity Management
OGC	–	Office of Government Commerce
OLA	–	Operating Level Agreement
RFC	–	Request for Change
ROI	–	Return on Investment
SDO	–	Software Development Outsourcing
SLA	–	Service Level Agreement
SLM	–	Service Level Management
SQP	–	Service Quality Plan
OMF	–	Outsourcing Management Framework

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CHAPTER 1

PROJECT OVERVIEW

1.1 Introduction

In recent years Information Technology has become an inseparable part of every organizations and the existence of an organization crucially depends on the effective application of IT. With the emergence of e-commerce, the use of technology is becoming just an accepted, indeed expected way of conducting business and also a way of creating new opportunities that provide them with a source of competitive advantage [1].

The arrival of the Internet and the rush to e-commerce has seen many companies look to outside vendors to supply necessary skills and competencies, as these are often not available in-house. Because developing e-commerce applications can place great demands on companies, and managers often conclude that the only

way to meet short deadlines for new technology projects is to contract for specialist services [1].

However, the challenges for IT managers are to co-ordinate and work in partnership with the business to deliver high quality IT services [43]. Due to enhanced focus on the customer in the planning, development and delivery of information services, IT service management (ITSM) has become increasingly important. ITSM strives to the better alignment of IT efforts to business needs and to manage the efficient providing of IT services with guaranteed quality [54].

There are some mechanisms for implementing Information Technology Governance like COBIT, ITIL, Six Sigma, and CMM, CMMI.

In this trend towards embracing principles of organizational IT Service Management, the IT Infrastructure Library (ITIL) has become the worldwide de facto standard in Service Management. It is a set of books describing IT management processes and practices [45].

Globally, most of the IT organizations are currently focused on using ITIL to implement and improving IT Support and Delivery processes.

1.2 Background of the problem

In today's global economy, outsourcing has become a very common phenomenon. Many large organizations have outsourced some or all of their IT functions. Factors like lower costs, improved productivity, higher quality, higher customer satisfaction, time to market, and ability to focus on core areas are some of the benefits of outsourcing [2].

However, there are many challenges and risks associated with outsourcing like Management challenges, Cultural/language communication risks, Security risks, Knowledge transfer challenges, loss of flexibility in reacting to changing business conditions, lack of customer focus, contractual misunderstandings, Hidden costs, and maintaining outsourcing relationships[2].

The Centre for Information and Communication Technology (CICT) in UTM is responsible for ensuring that staffs and students have access to teaching, learning and research resources by providing the University's IT infrastructure, acquiring, developing and supporting new and emerging technologies and systems, and providing access to millions of digital resources across the University's campuses. The vision of CICT is to become the source of quality and innovative ICT services towards achieving the University's aspirations.

It had and has many programs for achieving these goals and objectives, such as Human Resource System, Finance System, Document Management, Enterprise Portal, Smart Card System, Business Intelligent and others. CICT uses outsourcing for some of these projects. In spite of many advantages that outsourcing brought for them, they are facing some problems like misunderstanding, quality, cost problems.

According to the cited problems, it is so important to have a well managed plan for outsourcing actions. Furthermore ITIL is not only an effective tool for managing internal IT processes. It can also serve as a framework for managing the relationship with an outsourcing service provider.

1.3 Statement of the Problem

This research attempts to find the answers to some problems related to:

- i. What is CICT situation and its problem when conducting with the software development outsourcing projects?
- ii. What are the elements in ITIL v3 framework that are suitable for this case study?
- iii. How to best manage software development outsourcing projects?
- iv. How ITIL can be used to manage CICT outsourcing projects?

In this research is intended to use a relevant research methodology to analyze the data that will be gathered and arrive with the suggestions for the improvement that can benefit the organization, which would enhance outsourcing management performance.

1.4 Project Objectives

This project will focus on the following five objectives:

- i. To identify challenges and problems those arise during outsourcing project.
- ii. To understand the CICT situation and its problem when conducting with the outsourcing, especially software development outsourcing projects.
- iii. To analyze of how a manager can manage and supervise outsourcing projects and give some suggestions which arise from ITIL methodology.
- iv. To determine elements in ITIL v3 those are suitable for adapting to CICT to manage the outsourcing projects.
- v. To propose a framework towards the adoption or adaptation of ITIL for the Software Development Outsourcing Projects.

1.5 Scope of the project

This study will concentrate on the Outsourcing projects, especially software development outsourcing, it's conducting problems and challenges, and as a case study CICT will be analyzed. In this project, Information Technology Infrastructure Library (ITIL) will be used for solving the problems associated with outsourcing, so it will cover an overall view of ITIL V3 Framework and it component.

1.6 Importance of the project

When someone decided to use outsourcing services, it is imperative to:

- Select the right partner
- Identify issues related to outsourced project management.
- Improve outsourcing management issues

Furthermore, it is important to understand the:

- Security during outsourcing
- Relationship with the outsourcer
- Relevant risks
- Process used for development a contract

To ensure the success of outsourcing, the client and provider are required to confront some critical challenges. The outsourcings should be govern to control and mitigate the risks and to ensure that the outsourcing deliver value to the organization [63].

So, this research project will significantly focus on find the problems of outsourcing and try to give some solutions using ITIL framework. In other words, it will try to implement the ITIL framework for managing the software development outsourcing projects. The main aim of this project is to propose a framework for governing the Software Development Outsourcing.

1.7 Chapter Summary

Introduction of the research project, background of the problem, statement of the problem, problem objectives, and scope of the project was identified in this chapter.