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Impact of time management for IT services management

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Abstract

In order to proactively respond to the rapidly changing IT environment, companies consider leveraging IT outsourcing which requests internal information systems maintenance to the external IT service provider. Since the main objectives of IT outsourcing is IT cost reduction with acceptable service quality, IT service provider should manage resource utilization accurately and enhance IT skill of the employees simultaneously. In this study, the impact of time management unit from month to hour is presented for the company which was spun off from the internal IT support division of traditional company. The culture change from cost-center to profit-center organizations has been made due to the change of mind-set of time. In addition, resource utilization, employee training period, work-life balance can be increased. In order to connect these impact and IT productivity, integration time management system to ITMS system will be planned.

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1. Introduction

The rapidly changing IT environment makes it impossible for enterprises not only to keep up with such an environmental change with their own IT manpower alone, but to maintain their competitiveness. This drives many of them to employ the IT outsourcing of entrusting IT companies with the facilities, manpower, hardware etc related to intra-company information system, as a strategic selection. However, the preferential goal of the IT outsourcing is cost reduction in spite of such a strategic decision-making [1]. The IT outsourcing also enables the companies, which are continuously asked for investment on the drastically changing IT base and suffer from increase in IT human resources, to predict IT expenses [2].

The IT outsourcing begins with providing basic data and RFP of cost calculation for IT service provider after outsourcing decision-making. IT service provider concludes a service level agreement (SLA) based on the service level agreed on by the both parties after the on-site inspection of the IT operation environment

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(HW, SW and NW) and enters into a long-term agreement after the establishment of overall contracting schedule (usually a three-year-cycle renewal for a 10-year contract). Early in the contract, the both parties make a joint operation, including technical and knowledge transfer, to verify and coordinate the baseline for cost calculation. After this process, the IT service provider should provide IT service to the contracting company to meet the customer's service level with continuous cost reduction.

It is indispensable for an IT service provider to reduce IT outsourcing operation expenses continuously. Since IT service provider cannot provide the required personnel resources and infrastructure resources by herself alone, it is necessary to work with external service providers which enables quality maintenance and cost reduction with scale of economy and strategic collaboration. Personnel expense is a major cost element of IT outsourcing services but the workforce plan is established to meet a pre-agreed financial goal (continuous personnel resource reduction by the year-specific contract amount) without the resource plan based on the detailed data. However, this period-based workforce reduction plan cannot meet the service level defined in a SLA, and create debate about transactions of ticket (system request for application operation without the change of configuration) and additional system projects with additional payments.

The present study aims to propose an IT service provider's time management system using man-hour collecting instead of the existing man-month counting to manage workforce efficiently. This study also intends to present the results and new initiatives found in an attempt to attain three objectives, i.e. efficient workforce management, human resource capability improvement and service quality improvement with business process management [3].

2. Framework for Time Management System

The subject is a total outsourcing provider that runs customer IT system by applying ITSM framework which consist of three levels operation (Level 1: help desk operation; Level 2: simple operation and monitoring; Level 3: issue management and solution resolution) and provides one-stop services for HW operation and SW maintenance and application operation by multi-year contract. Most of its employees had their tasks divided according to area, application, level and module. However, personnel expenses should be mechanically reduced by 15% every year to meet SLA and contract conditions for financial goals. To this end, it is required to reallocate resources by assigning high-level workforce to Level 3 and basic-level workforce to Level 1 or 2. Continuous improvement of workforce effectiveness and resource skills are required with resource allocation. The company introduced a time management system which employees enter amounts of time by the work categories with a hour unit. The existing method for resource management is allocation to the specific application as a team member by monthly frequency. To minimize employees' workload and resistance of time input, the company supports various input devices such as PC, tablet, and smart phone and the employees should input their time usage with a maximum cycle of one week (time closing in every Friday evening).

The company had to consider a couple of operation principles for resource management: first, every employee should be able to use vacation days in proportion to the tenure period on a yearly basis without carry-over. For each employee, average 20 days are entitled for vacation during a year. Second, every employee should be assured of the training days for capability improvement. The goal was to assign 10% of total working days to the training. This will help employee retention and reduce turnover rate [4].

Based on these principles, employees entered their working time in a 30-minute unit.

Table 1. Time Input Criteria

Category	Description	Input Code
Billable	Activity billable to customer	Project Code

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