Chapter 5.6
IT Service Departments Struggle to Adopt a Service–Oriented Philosophy

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ABSTRACT

Many IT service departments are adopting IT service management best practice frameworks such as the IT Infrastructure Library (ITIL) to improve the quality of service to customers. This study reports on recent surveys and case studies of organizations which have embarked on IT service management improvement. It highlights specific difficulties experienced by organizations. Six factors were found to be critical in achieving an effective service-oriented philosophy. The factors are support from senior management; the threat or opportunity to outsource IT services; integration of processes to provide end-to-end service; involvement of business stakeholders; culture change of IT staff to service excellence; and the redesign of processes prior to investing in tools. Emergent IT service frameworks such as ISO/IEC 20000, and the CMMI® for Service Delivery are discussed.

INTRODUCTION

It is becoming increasingly recognised that the provision of high quality and competitive service requires organizations to adopt a customer-centric, service-oriented philosophy. The growth of the service economy has seen a paradigm shift which has moved the focus from goods to services, and impacts the business processes, management practices, employee policies, engineering knowledge, and culture of organizations (Rust & Kannan, 2003; Rust & Miu, 2006). After analysing a large financial service provider in the Netherlands as an example of a service-oriented enterprise, Janssen and Joha determined that the main critical management issues, apart from a carefully executed strategy, are the 'redesign and reorganization of activities and roles, the standardization of processes, applications and the underlying IT architecture, and management of the transformation by involving all stakeholders.' (2008, p. 35).

Information technology (IT) is considered to be the 'critical enabler' for transforming service industries (Chesbrough & Spohrer, 2006). As IT systems become more powerful and cost-effective they provide the potential to efficiently gather and analyse data, and to codify and transmit knowledge to the far corners of the globe (Bitner & Brown, 2006; Chesbrough & Spohrer, 2006). Although IT service providers are constituents in the service sector, their total contribution to the service sector can only be grasped by considering that private businesses in the USA spend 50 percent of all invested capital on IT – hardware, software and communications equipment (Laudon & Laudon, 2006). Specifically within the service sector, IT plays an important role in helping organizations provide better customer service, create new products and services, enhance relationships with suppliers, and improve decision making.

It has been noted by Johnson et al. (2007) that businesses are demanding more from their IT organizations than ever before. As well as 'better and more disciplined provisioning of IT services to ensure smooth operation' (p. 595), IT is expected to respond with agility in light of new business opportunities, to demonstrate responsible financial management and to satisfy internal staff and external customers. This level of service can only be achieved with effective relationships and communication between IT and lines of business.

However, despite the fact that organizations are increasingly reliant on IT and the increasing awareness of the need to become service-oriented and customer-focussed, many IT service providers are struggling to change the culture and processes within their own departments or organizations. Many IT service providers are still characterised by a culture which is technology-focused rather than customer-centric. Many of the IT line managers are 'predominately ex-technologists' (Bruton, 2004, p. 4).

This article considers the people, process and technology issues related to improving IT

service management. Although there is growing adoption of existing frameworks and standards, such as the IT Infrastructure Library (ITIL) and the IT Service management standard (ISO/IEC 20000), and development of new frameworks such as CMMI-SVC®, many IT service providers find it an almost insurmountable challenge to achieve effective end-to-end service. This article strives to answer the research question: what factors inhibit the transformation of IT service providers when seeking to adopt a service-oriented philosophy? The article is structured as follows. The background provides a summary of popular and emerging standards for IT service management. Then, the research methodology is briefly explained, followed by a discussion of challenges identified through surveys and case studies. The conclusion includes directions for future research.

BACKGROUND

Recently, there has been a concerted effort to develop, refine and promulgate frameworks for IT service management. In this section, the current and emerging frameworks are described.

ITIL: IT Infrastructure Library

IT Service management standards such as the IT Infrastructure Library (ITIL) are of increasing importance to organizations around the globe. Although the actual number of organizations adopting ITIL is not known, there are many indicators of the growing awareness and adoption of ITIL. For example, there are now 46 national chapters of the IT Service Management Forum (itSMF) with in excess of 100,000 members worldwide (itSMFI); itSMF conferences are enjoying record attendances; the demand for ITIL-qualified staff is increasing, accompanied by an exponential rise in the number of people qualifying for the ITIL Foundation certificate. The core of ITIL version 2, as released in 2001 comprises five service

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