Chapter 3
Organizational Models for Service Delivery

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ABSTRACT

The organizations in the business of IT service delivery have conventionally adopted the team structure of dedicated customer teams to deliver services. A dedicated team is assigned to address all requirements that are specific to the customer. However, this way of organizing service delivery leads to inefficiencies in using expertise and available resources across teams in a flexible manner. In contrast the shared services model became very popular in the last decade, but soon faced challenges of losing customer focus. This gives rise to the question of what is the best way of grouping shared resources across customers. Especially, with the large variations in the technical and domain skills required to address customer requirements, what should be the service delivery model for diverse customer profile? This chapter looks at different dimensions one can organize delivery by and recommends patterns based on customer profiles, business functions technologies, geographies and operational characteristics.

INTRODUCTION

The traditional mode of delivering IT services has been through dedicated customer teams. A dedicated team is assigned to address all (and only those) requirements that are specific to the customer. However, this way of organizing service delivery leads to inefficiencies due to inability to use expertise and available resources across teams in a flexible manner. Dedicated teams for customers hence became an expensive mode of delivery. To address some of these challenges, in recent times there has been interest in shared delivery of services, where instead of having customer specific teams working in silos; there

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are cross-customer teams (shared resource pools) that can potentially serve more than one customer. The shared pools have better utilization, leverage technology-specific expertise and also provide good coverage for support. Organizing these teams by technologies that are common across customers helps keep the costs of shared services pools lower.

The disadvantage of the technology specific shared pools is that a customer’s work is split across teams and these teams could also be geographically distributed. Hence, to solve customer issues that require several technologies, distributed teams need to work together which may result in longer turn-around times. Also, customer domain knowledge is very pertinent in issue resolution but when multiple customers are supported by a team, the customer focus is lost and often.

This gives rise to the question of what is the best way of grouping the shared resources across customers? Especially, with the large variations in the technical and domain skills required to address customer requirements, what should be the service delivery model for diverse customer profiles? These turn out to be difficult and yet important questions. Customer satisfaction is the biggest key to a provider’s success and the cost of mapping a customer to a wrong delivery model has drawbacks of breaching service level contracts, tarnishing the providers’ reputation with the client and may even end in service contract cancellation. On the other hand, transformation from one model to another is expensive and entails a lot of changes. It is thus imperative to make the right choice of the delivery model early on to avoid client dissatisfaction or expensive transformation expenses.

Services in IT service industry are typically delivered by a Service Provider organization having specialized Service Workers or human resources. They are teamed together in order to serve the Service Requests or work of the customer. The structure of this team and the flow of customer work across multiple teams define a Service Delivery Model (SDM). This choice of the service delivery model for a customer has a long-standing effect on how satisfactorily its services get delivered. For example, a customer which has very tight requirements on its service level agreements and requires support 24/7 may require a very integrated support from the teams. In contrast, a small customer whose IT outsourcing requirement in database management technology is very small, sharing support with other teams may help to keep its outsourcing costs low. Understanding which model to map customers to is non-trivial. Within a delivery model, shared teams need to be created so that the overall delivery costs are lowered and fragmentation of work is avoided. Once the shared teams exist, how their operations can be best optimized poses the next level of challenge for the business. Thus the organization model problem can be sub-divided into 3 decision processes:

1. Which customers map to which delivery models?
2. How teams are created within each type of delivery model?
3. How team operations can be optimized using the right workflows when multiple models exist?

The above problem necessitates a superior decision process that considers customer work profiles, work complexity, workload patterns and service contracts. It also needs to account for the providers’ performance metrics of cost, throughput and utilization. In addition, resource skill distributions and their evolutions also need to be considered. Given the different ways to organize service delivery, and their associated merits and demerits, it becomes challenging for an organization to decide which model to adopt and for which customers. The situation is further aggravated by the fact that various client specific factors play a role in accentuating or diminishing the merits/de-merits of the different delivery models.