IS Design Considerations for an Innovative Service BPO: Insights from a Banking Case Study

Myriam Raymond, Université d’Angers, Angers, France
Frantz Rowe, Université de Nantes, Nantes, France & SKEMA Business School, Sophia-Antipolis, France

ABSTRACT

S. Alter’s Work System Method is used in advancing the understanding and analyses of service innovation Business Process Outsourcing (BPO) from a business systems viewpoint. We propose to use this framework to distinguish what usually characterizes IT-enabled BPO service innovations, and which implications could be drawn for the underlying IS’s design. We focus our analysis guided by the Traffic point banking BPO case study in Egypt. This paper brings forward important IS design considerations to the attention of systems analysts and designers to take into consideration while working on the conceptions of Innovative Service BPOs.

KEYWORDS

Banking, IS Design, IT-enabled Business Process Outsourcing, Service Innovation, Work System Framework

INTRODUCTION

Service Innovations have been on the research agenda for quite some time. Such interest, whether arising from academic or industry, recognizes the economic growth potential created by service innovations. More recently, Business Process Outsourcing (BPO) service innovations have been established as strong economic levers (Lacity & Rottman, 2012; Lacity, Solomon, Yan and Willcocks, 2011; Weeks & Feeny, 2008), and policy makers are looking into ways to encourage businesses in this domain, for instance by macro or micro policies. Further, the alignment between the BPO’s strategy and the BPO’s Information System (IS) is critical for the success of the BPO (Mani, Barua & Whinston, 2010; Lacity, Khan & Willcocks, 2009). This is predominantly what drew our attention to the IS design of the BPO, which is of particular concern in the case of IT-enabled service BPOs.

The recent surge in BPO service innovations calls for a better understanding of what usually characterizes IT-enabled BPO service innovations, and of their implications for the underlying IS
design. To pursue this dual research objective, we were inspired by Alter’s Service System Innovation Framework (Alter, 2008a), which can explain how the different work system elements influence the course of the innovative BPO and the design of its IS. As a result of the complexity of the interdependencies between this framework’s multiple elements, such a situation typically calls for a case study methodology, especially when ‘the boundaries between phenomenon and context are not clearly evident’ (Yin, 2009). Further, when applied to service design the Work System Method approach enables systemic thinking in IS design in that it points to the importance of considering all elements of the phenomena, along with their diversity and implications for IS design.

Our investigation proceeds as follows. First, we present Alter’s Work System Framework and its elements. We next examine the particular case of IT-enabled innovative BPO, presenting briefly how it has been treated in the literature, and highlighting its specificities. Third, we summarize our research methodology. We then elaborate on the IT-enabled BPO case study context emphasizing its particular service system characteristics and present the results. A discussion and conclusion follow, including the limitations, contributions and practical implications of this research.

THE WORK SYSTEM FRAMEWORK

In 2008, S. Alter (2008a, 2008b) proposed to use the work system framework to advance the understanding of interactions among the elements of service systems. The work system is defined as being ‘a system in which human participants or machines perform work using information, technology, and other resources to produce products and services for internal or external customers.’ He calls for the ‘componentization’ of service. The work system framework is extended in Alter’s model by incorporating (a) the service value chain framework to account for service-related aspects of systems, and (b) the work system life cycle model to highlight possible planned and unplanned changes that may affect the system.

Service innovation is fundamentally about creating beneficial improvements (Alter, 2008a). Innovativeness of services is likely to differentiate the service provision of one company that of its competitors. The company with a stronger service provision can thus attract new types of customers or penetrate new markets and retain current customers. Companies can also better find innovative solutions to current problems, which will eventually contribute to their revenue growth.

The framework geared towards systems (2008a, 2008b) is especially useful in answering our question regarding the impact of service innovation on IS design issues because it reconciles the social and technical views of information systems and focuses on a contextually anchored view of IS (Paswan, D’Souza, D., & Zolfagharian, 2009). Moreover, ‘these frameworks can be used to organize many additional concepts related to each element of the frameworks’ (Alter, 2008a, p.67)

Another central dimension of the system elements in the theory of service systems is the service value creation process, which is suggested to be co-created by both the client and the service provider (Alter, 2008a). Value co-creation is described through the interactions and integration of resources within and among service systems. Value is thus co-created through the combined efforts of firms, employees, customers, stockholders, government agencies, and other entities related to any given exchange, but then again is always determined by the beneficiary (e.g., customer) (Vargo, Maglio, Akaka, 2008). It consists of tasks related to service strategy/design, production/delivery, maintenance/operation, and monitoring/enhancement (Kim & Nam, 2009).

IT-ENABLED INNOVATIVE BPOS

Business process outsourcing (BPO) entails a supplier is taking over the execution of a client’s business process within functions such as human resource management, finance, and accounting (Lacity, Feeny & Willcocks, 2003). ‘BPO is suitable for well defined, self-contained, modular, IT-enabled and easily measurable processes’ (e.g. Borman, 2006; Tanriverdi et al., 2007; Lacity, Khan and Willcocks, 2009).
www.igi-global.com/article/rfid-practices-competitive-inventory-management/68973?camid=4v1a

From Creative Ideas Generation to Real World Solutions: Analysis of the Initial Situation for Inventive Design
www.igi-global.com/chapter/creative-ideas-generation-real-world/76224?camid=4v1a