ISOPM: Framework for IT/IS Outsourcing Project Management

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ABSTRACT

Information Systems (IS) and Information Technologies (IT) are fundamental elements for the competitiveness of organizations. Thus, an efficient development of IT/IS projects is a key factor for business success. Nowadays companies are increasingly outsourcing their activities, including the development of IT/IS projects. However, the results of investments often lead to frustration and are far from meeting the expectations. Bearing this in mind, this paper proposes a new framework – ISOPM – that identifies the most relevant activities for the IT/IS outsourcing projects management, aiming to contribute to the study and development of this specific area of project management.

KEYWORDS

Framework, Grounded Theory, Information Systems, Information Technology, IS, IT, Outsourcing, Project Management

1. INTRODUCTION

The world is facing a major upheaval in the global economy. In today’s environment of profound change and new risks, organizations must be well prepared with comprehensive knowledge to face them promptly. Many organizations restructure themselves, others go through mergers or acquisitions, some implement aggressive dismissal procedures, and others go bankrupt (Karadsheh et al., 2008; Alhawari et al., 2012).

A great challenge being faced by organizations is related to globalization - in its financial, social and cultural aspects - which creates many challenges and, to survive and evolve, companies need to become more innovative. This need for change is also forcing organizations to restructure their information systems.

Several solutions have to be considered by companies to increase their productivity; they need to better manage the financial, human or material resources, to remain at the forefront of success (Fraga et al., 2012).

Project management is an increasingly dominant instrument used by many organizations to implement strategies for business transformation and for new product development. The project management value is associated with the potential contribution to the success of the project, and depends on how it is implemented by the organization. For this reason, the introduction and

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implementation of professional project management practices as well as taking into account the critical factors related to success, is very important in terms of creating value for the organization (Shi, 2011).

Information systems project development requires significant resources (financial, human and others). Since outsourcing can in certain cases help to reduce and control costs, align resources with core business, and acquire specialized skills that do not exist within organizations (Varajão, 2002; Lacity et al., 2009; Fraga et al., 2012), it may be an advantageous option, and has been a growing practice in these projects development (Ferreira & Laurindo, 2009).

Unfortunately, information systems projects are associated with high failure rates. Professional and academic reports refer the lack of management skills as one of the key reasons for these negative outcomes. Despite the importance of information systems outsourcing in general and the importance of the related management skills in achieving the desired benefits from the projects, the research on this aspect is scarce and fragmented (Zainuddin et al., 2010).

Since the role of a project manager and how s/he performs her/his functions are considered crucial to success, in this paper we propose a framework for information systems outsourcing project management, aiming to help decrease the failure rate in this type of projects.

Following, it is presented a brief literature review on information systems outsourcing and on project management, the research method is then described, the developed framework is presented and, to conclude, some final considerations are drawn.

2. BACKGROUND

This section provides a brief literature review on information systems outsourcing and on IS projects management, addressing its importance for organizations to remain competitive in a turbulent business environment of increased demand.

In section 2.1 are presented and discussed the motives to adopt outsourcing, the risks that are inherent to this practice and the three determinants of outsourcing success: the decision process, contractual aspects, and relational aspects. Section 2.2, focusing on IT/IS project management, briefly describes the project manager’s roles and responsibilities and refers some of the main guides of good practices for project management. Section 2.3 addresses the IT/IS outsourcing project management.

2.1. IT/IS Outsourcing

The IT/IS outsourcing is a practice that emerged in the beginning of computing, but it has gotten more visibility in the last two decades (Gonzalez et al., 2010b).

From the literature review, several definitions of IT/IS outsourcing have been found. For instance, Lacity & Hirschheim (1993) present outsourcing as “a process for obtaining goods or services, which were previously developed within the organization”.

Elitzur et al. (2012) state that IT/IS outsourcing occurs when an organization hires another one to supply all or part of the necessary information systems services, which may include the provision of new application systems, information infrastructure of the organization or simply the operation of their information systems.

The evolution of IT/IS outsourcing services reflects, in general, the evolution of information technologies (Nyrhinen & Dahlberg, 2006), and Milecová et al. (2010) believe that adherence to outsourcing has not yet reached its peak and is expected to grow.

In effect, IT/IS outsourcing has been adopted by more and more companies, aiming to reduce and control costs, increase efficiency and to focus on core competencies (Hongxun et al., 2006; Gonzalez et al., 2010a; Fraga et al., 2012; Varajão et al., 2012).

Outsourcing presents itself as a useful tool for an organization that needs to manage scarce resources as well as focus on their core business and its key competencies (Fraga et al., 2012; Gašparac, 2015) and may be seen as fundamental for its own survival.
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