Chapter V

Establishing Performance Metrics for Managing the Outsourced MIS Project

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Abstract

This chapter presents the tactics and metrics an organization applies after having made a decision to use outsource providers. Tactics are used to define the nature and specifics of the outsourcing arrangement, as well as to select the contractual basis of the agreement. Organizations that elect to use providers geographically distant from the client site are cautioned to carefully evaluate capabilities, as well as legal and security issues related to external outsourcers. For these purposes, it is critical to align measures of performance compliance in the form of metrics on each MIS outsourcing relationship. When negotiating and establishing the terms of the outsourcing arrangement, management should ensure that appropriate performance metrics are identified and included, as well as flexibility for change is built in to the contract. This chapter addresses some of the methods, as well as
some of the metrics that might be used in such contract agreements. The use of contracts and service level agreements are discussed, as well as in depth techniques for conducting validation and background checks on outsource suppliers. Sample outlines for service level agreement preparation and performance specifications are included for the practitioner.

**Executing the Tactics of Outsourcing MIS**

This section presents the tactics that an organization should draw upon after having made certain decisions related to the use of outsource partners. Topics include establishing agreements for service or support, managing geographically dispersed teams of providers, and appropriate metrics to be used to manage these types of global projects — across international datelines and multiple time zones. Issues related to quality, contract investigation and issuance, as well as preparing to monitor the outsourced project are identified. The importance of service level agreements to monitor and manage performance under outsourcing contracts is addressed. Problems that arise out of poor or inferior communications and reporting are illustrated by example.

**Role of the Service Level Agreement**

Even before the vendor has been selected, an exploratory process must take place within the organization that is considering outsourcing work. A process for defining the scope of the work was described in Chapter IV, “Strategic and Tactical Planning of Outsourcing in MIS.” Figure 1 shows the steps for refining the scope of work, which is then used to craft the agreement as to service levels defined for the outsourcing relationship in the agreement. The purpose for a service level agreement (SLA) is to describe the scope and terms of the outsourcing arrangement. The scope constitutes a high level understanding of the nature of the agreement. By defining the type of services or products to be delivered, there is a general understanding of agreement as to the concept of the deal. The terms of the outsourcing arrangement should cover the scope of specific performance expectations, such as volumes of transactions, turnaround times for the work, response times for infrastructure support, security, backup and recovery services for MIS outsourcing, or may include scenario based behaviors or scripts for business process outsourcing arrangements. For each specific service being contracted, there will be levels of performance criteria and metrics associated with the services or products.
Strategies for Business Process Outsourcing: An Analysis of Alternatives, Opportunities, and Risks
[www.igi-global.com/chapter/strategies-business-process-outsourcing/36144?camid=4v1a](www.igi-global.com/chapter/strategies-business-process-outsourcing/36144?camid=4v1a)