Chapter VII

Decision-Making Methods in MIS Outsourcing: Case Studies of Successes and Failures

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Abstract

This chapter commences with a discussion of corporate and government decision-making processes and the management sciences that support development of decisions. Special decision-making considerations, trade-offs analyses, and cost-benefit studies all figure into decisions that result in outsourcing. Technologies that support different methods of decision-making include data warehouses and data mining, rules-based logic, heuristical processes, fuzzy logic, and expert-based reasoning are presented. The chapter presents case studies and current and evolving technologies. The following sections will address the decision-making methods that are used in considering, executing and monitoring outsourced MIS projects or in service lines related to provision of information services in the organization.
The Structure of Decision Making in the Organization

This section addresses the history and evolution of decision sciences in corporate planning and project management. The chapter includes sections on how decision making has evolved from traditional, line of business functional decisions to the need for negotiating services and even core processes to outsource partners. Examples are given from current industry and government experiences with outsourcing, highlighting key success factors and failure indicators that exemplify the best and worst of decision making as it relates to the outsourcing decision in the information technology arena.

Define Corporate Decision Making in MIS and Information Technology

Corporate decision-making is supposed to be done by committee of an executive board, representing all parts of the core business functions in an organization: finance, production, manufacturing, marketing, human resources, IT, sales. In many cases, the CEO will exercise authoritarian decision-making based on perceptions or a solitary sense of purposeful guidance. In some cases, CEOs look externally to secure endorsement for their ideas or initiatives. In other cases, a more systematic approach is used to generate sound decisions.

In the field of decision science, Marshall, Kneale, & Oliver (1995) state that there are six concepts that factor into the arrival of a decision (see Figure 1). Every decision has an entering objective, for example, to lower costs of MIS support, or, to provide speedier response to customer support calls. Every decision being considered has certain characteristics. For example, costs of MIS include equipment costs and staffing and lower consumption costs, as well as space costs. Costs of providing customer service include cost of the systems and staff hourly labor to answer calls.

Next, attributes of each characteristic are measurable ways that we can evaluate the costs of the characteristics: for example, dollars and cents, or time in minutes and hours. Quality of customer service support may be expressed in number of complaints or number of hang-ups before an operator answers the call. Next, continuing the aforementioned two examples, each attribute also has an associated criterion that is the level by which we measure improvement, or satisfactory performance or other levels of success.

For costs of an MIS, the criterion may be to lower the dollar costs by 20% per year, without a negative change in the level of service, as evidenced by a change
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