

Process Frameworks Help or Hindrance?

Do process frameworks such as ITIL, Six Sigma and Lean deliver in the context of services outsourcing? A look at the challenges and opportunities in making them work

By Namita Goel

FRAMWORKS ARE MEANT TO simplify complex processes and make them more efficient. But processes themselves are so dynamic that it forces one to revisit the framework and readapt it to use. If you add outsourcing to that, the complexity increases much more. Therefore, to keep up with this change and manage the complexity, training programs in organizations are a fine mix of standardized frameworks and need-based concepts.

Most of these frameworks such as IT Infrastructure Library (ITIL), Six Sigma and Lean help customers as well as service providers in getting rid of the waste in the process, explained Derek Lonsdale, Managing Consultant-IT Practice, PA Consulting. In some cases, they help the customers in understanding what part of the process to outsource. Agreeing with Lonsdale's point of view, Mudit Saxena, SVP and Global Six Sigma and Transitions Leader, Genpact added, "These frameworks help in assessment of data and identification of the waste in the processes to increase the overall efficiency of the processes."

While Six Sigma and Lean are generic frameworks

borrowed from the manufacturing world, and can be used in outsourcing any kind of process, ITIL is more IT-focused, and can be used in any IT process. The trend over the past few years has been such that many providers have come out with their proprietary frameworks, in which they pick up best practices from the existing standard frameworks.

Challenges in Adopting Frameworks

These frameworks are all organization driven and require an effort to ensure that the employees take them seriously. "At IBA, we have optimized the procedures of incorporating and deploying the frameworks, and are carried out through the implementation of an automated project-management system here. We also organize trainings of software developers and regular auditing of the employees to test the process understanding," explained Zinaida Larionova, Top Management Quality Representative, IBA, an IT service provider based in Eastern Europe.

Apart from ensuring that frameworks are well understood, the challenge also lies in the seamless integration of

the customized framework into the existing one. “Many of these processes are being performed in some form or fashion in the customers’ environment before they begin to adopt ITIL standards. The challenge they face is in adapting their current processes to take advantage of the standards and to deploy the standards for those processes that are absent. With the proper sponsorship and investment, incorporating the processes isn’t difficult. Without that sponsorship and

investment, it’s next to impossible to be successful,” explained Kevin Smilie, Director, Chief Information Officer-Services, TPI, a sourcing advisory firm.

Training is another challenge that many firms face. “The ITIL framework has five modules and each of which is around 250 pages long so for an employee to read through over 1,000 pages of information becomes a challenge. So here at PA Consulting, we modify the frameworks as per the process requirements so that the employees can relate to it and understand it better,” added PA Consulting’s Lonsdale.

“Incorporating these frameworks at the customer site in the customer processes is another challenge,” added Tajinder Vohra, SVP and Business Leader, Genpact. Change management is an integral part of outsourcing and in most of the cases, despite the fact that the work is outsourced to the provider, the customer is expected to have the same level of understanding of the framework as the provider to be able to govern the sourcing relationship better. So, it is the providers’ responsibility to ensure that the people involved in the sourcing process from the customer side are on the same page. Herein, conducting regular training sessions would help.

CASE STUDY - I

Change Management / ITIL

Customer: A global chemical company

Provider: IBM

A global chemical company outsourced its IT infrastructure to IBM to improve end-user IT services. ITIL standards were chosen as the means to standardize the IT infrastructure across providers.

Challenge:

After a year into the contract, the infrastructure-service levels failed to improve as intended, and IBM’s account team investigated the issue. The main cause was determined to be the number of emergency changes that the customer approved. IBM initiated a Change Management Improvement “Team consisting of members of the CAB (Change Advisory Board), the IBM Change Coordinator and a Process Specialist.

Solution:

The ITIL change process was used as a guide to determine gaps in the current change management process. The team determined that the normal change cycle time was too long, and that the project managers had not been trained on the change process when implementing software changes.

Results:

- The cycle times for non-emergency changes within the customer’s process were examined and restructured. By using Lean to eliminate waste, the cycle times were greatly reduced so fewer emergency changes were requested
- Through the implementation of a more thorough change form template, the change process improved. So the customer’s CAB had better information at the start of their process, thereby reducing the time it took to ask additional questions
- By providing project managers with training and a calendar to use for advanced scheduling, the number of emergency changes were cut in half after three months
- Due to the improvements in change management, the overall stability of the IT environment increased and end-user satisfaction improved.

The Drivers- Customers or Providers?

Both the customer and the provider could be the driver. “Based on experience, almost 95 to 98 percent of proposals that we respond to, the customers are very keen to understand quality assurance processes, the approach we will follow to deploy quality practices, our continuous improvement focus and how we’ll bring value addition to their processes year on year,” said K.V. Rammohan, VP, Infosys.

“It is both. We have had situations where we have asked our customer to be certified because of the work they are doing, and we also have had contracts where the customers have said we will sign the contract with you on a condition that you have to get ‘x’ number of people in the certified,” explained Debora Verisario, Global Program Manager, Process Standards Center of Excellence, IBM.

In some cases, it is mutual adoption of frameworks that wins the case. “Where the customer’s process maturity is believed to be below that of the service provider, the customer will adopt the service provider’s process. For the customer team, it means understanding the service provider’s process and how it’s different from the current customer processes to be able to make the changes. In other cases, the customer will require the service provider to integrate to the customer’s process. This is a matter of understanding the point in the process where the customer’s process stops and the service provider’s process begins once the service has been outsourced,” explained Smilie of TPI.

The Sourcing Decision

The customer’s perception of the service provider’s process maturity is factored into the selection decision.

INFRASTRUCTURE MODEL

This infrastructure model shows a set of end-to-end integrated services that are focused on maximizing efficiency and effectiveness whilst minimizing risk. These include:

- An integrated portfolio of end-to-end security services for optimum protection
- End-to-end service management that helps improve the customer experience.



SOURCE: CSC INDIA

These frameworks are utilized through the entire service-management life-cycle, and are required for different aspects of the service provided to the customers. “For example, in the ITIL framework, ‘incident management’ is utilized for ensuring the customer is up and running quickly; ‘problem management’ is utilized to ensure the root cause is identified and corrective and preventive action is appropriately applied. ‘Change management’ is utilized in concert with ‘configuration and release management’ to ensure that changes to the client’s environment are stable and stay current while all the required information is tracked appropriately so that the relationships and interfaces are known and like wise. To keep these processes efficient, these frameworks play an important role,” adds Beki Picus, AVP, Service Management and Compliance, ACS.

“Prospects and customers demand seamless, consistent and reliable service based on industry best practices and standards such as ITIL-based Service Management and ISO 20000,” explained Neeraj Garg, General Manager, CSC India on how customers are demanding these standards.

Is it important for an organization to undergo the framework route when processes themselves are a moving target? The answer is yes. It is like a person who after working for a few years understands the business quite well, but still opting for a management degree to get the experience of a structured learning. The person knows that eventually the knowledge will get old and would need continuous upgrading, but in order to upgrade one needs to have a thorough grounding in the basics. So is the case with these frameworks. No matter how old they get and no matter how much customization they need, these frameworks will always be treated as a book with multiple editions. **GS**

CASE STUDY - II

Fraud Analysis/Lean and Six Sigma

Customer: A global health-care service provider

Provider: Genpact

Challenge:

- Current processes not streamlined – multiple hand offs and backlog inventory situation
- Controllership issues around claims inventory management, process metrics and quality audit process
- No report generation processes to monitor paid out of compliance.

Solution:

- Out of compliance payment reduced from target 50 to 25 percent (Further reduction projected with adequate capacity planning.)
- Automated report-generation process created with new process metrics and daily inventory management
- New Quality audit process introduced for new processes.

Results:

- 25 percent fraud reduction, saving to customer
- Revenue gain – \$1 million per annum
- 32 FTE Reduction – \$1.2 million saving.