

PART ONE THE GOOD



“IT Shared Services goes beyond centralization to recast IT from a cost center to a powerful support system for business imperatives and general productivity.”

HP IT Shared Services
Presentation, August 2006

IT SHARED SERVICES: THE GOOD, THE BAD, THE UGLY

The concept of IT Shared Services has been around for over ten years. Companies that only choose to centralize their Information Technology function cannot be called a Shared Services organization unless they have also have moved to a model where IT is functioning like a supplier to their business lines. As an IT Shared Services organization, you will need to act as an internal service provider, one that competes with the cost, value, and quality of service that an external provider could provide.

There are challenges and pitfalls of moving to and keeping an IT Shared Service model. In this first of a three part article I will provide some discussion as to why an IT Shared Service model is a good thing (the good). Next month I will discuss a few challenges faced in getting there (the bad) and in October, I will list a couple of basic reasons of how the IT Shared Service model could and can fail (the ugly) along with discussing a couple of items that need to be included or addressed in an IT Shared Services model.

IT SHARED SERVICES, THE GOOD: BUSINESS & IT ALIGNMENT

One definition you see of an IT Shared Service model is "an operating model that increases business and IT alignment while achieving operating efficiency, world-class cost structures, and improved IT quality of service and responsiveness."

Evidence over the years has indicated that implementing an IT Shared Services model

across an organization can significantly improve cost effectiveness by consolidation (economies of scale) along with minimizing risk by reducing complexity through standardization. The scope of an IT Shared Services model should include transactional, routine, rule-based, and processing-related activities including application development, application maintenance, and support, data/voice network operations, user desktop management and the infrastructure support functions.

This model better meets the businesses needs by providing common levels of service, consistent service delivery and should leave greater opportunities for the business to focus on their core objectives. Providing service and improved quality is a key metric of success in an IT Shared Services model yet the spotlight also needs to remain on improving process quality which in turn leads to improved overall business performance.

To make an IT Shared Services model succeed, you need to take a disciplined approach. Create an initial cost and services baseline, measure service delivery through internal and external benchmarking, market these savings and efficiencies to achieve and retain executive support, and create a transparent funding model. Most successful businesses hold their IT Shared Services organization to a market standard of excellence.

To sum up "the Good" part of this article, if your organization would like to increase efficiency, gain economies of scale, handle large volumes of work with fewer resources, improve processes and reduce staffing requirements and expenses then the IT Shared Services is the right model for you.

Next month, some challenges faced with moving to an IT Shared Services model (the bad).

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