IT Service Companies in Albania and Implementation of Information Technology Service Management

Ermelinda Kordha Tolica
Docent of Management Information Systems Faculty of Economics, University of Vlora
L " 28 Nentori" Pallati Ladkordha, Ap. 13, Vlore, Albania

ABSTRACT

The key to the collection, analysis, production and distribution of information within an organization is the quality of the Information Technology (IT) Services provided to the business. These services can be supplied inside the company through IT department or through outsourcing. Anyway, a successful implementation of IT Service Management (ITSM) system in an organization will offer various benefits, as well as some challenges. The aim of this paper is to gain insights in the behavior of companies in Albania in relation to ITSM. Since outsourcing is the prevailing manner of supplying IT services, the methodology focused first, in the literature review on ITSM process and second on primary data gathered by interviews with IT managers in IT service companies. 20 interviews has shown the state of the art of ITSM in Albanian companies. Some of the phases of the ITSM process are implemented more inside IT services, while some are totally missing.

General Terms

Information Technology, Services, ITSM.

Keywords:

ITSM, services, Process, IT, business needs, management.

1. INTRODUCTION

It has become increasingly recognized that information is the most important strategic resource that any organization has to manage. Key to the collection, analysis, production and distribution of information within an organization is the quality of the IT Services provided to the business. It is essential that we recognize that IT Services are crucial, strategic, organizational assets and therefore organizations must invest appropriate levels of resource into the support, delivery and management of these critical IT Services and the IT systems that underpin them. However, these aspects of IT are often overlooked or only superficially addressed within many organizations.

The challenges for IT managers are to co-ordinate and work in partnership with the business to deliver high quality IT services. But sometimes those services are also outsourced. Companies that supply IT services also need a framework to better manage their supply and relationship with their clients. The concept of client in fact exists also inside the organization, where the IT department is supplying services for other client departments. So, the discipline that has been lately recognized as very important to ensure this is IT service management (ITSM). This decade is witnessing two disruptions relating to the servicing IT organizations, one technical in the form of service-oriented architecture (SOA) (Durvasula et al., 2008), and one process and

management oriented in the form of IT Service Management (ITSM) (itSMF, 2007).

2. BENEFITS AND CHALLENGES OF IMPLEMENTING ITSM

A successful implementation of IT Service Management system in an organization will offer various benefits. According to a study on effects of implementing ITIL best practices in six organizations (Hochstein et al. 2005), the most widely experienced advantages are:
– Client/service orientation and the quality of IT services
– Efficiency due to standardization, optimizing of processes and process automation (OGC 2007)
– Transparency and comparability through process documentation and process

Monitoring, in addition to these benefits mentioned by the project leaders and project teams, some additional benefits as outlined by itSMF International and van Selm (itSMF 2008) can also be identified. The benefits of ITSM implementation are not only felt inside the organization, but also by its customers and users. However, successful implementation of ITSM is not trivial and organizations attempting it face several challenges. The challenges can be divided by type into four categories: Process, People, Technology and Data related challenges (Keel et al. 2007). There are four challenges particularly important to be taken into consideration in relation to strategies and critical success factors in successful ITIL implementation projects (Pollard and Cater-Steel 2009):

- Dual roles
- Engaging the right people
- Gaining support from technical staff
- Measuring ROI

3. ITSM AS A PROCESS

The primary objective of Service Management is to ensure that the IT services are aligned to the business needs and actively support them. It is imperative that the IT services underpin the business processes, but it is also increasingly important that IT acts as an agent for change to facilitate business transformation. More recently, the need for more seamless integration of business and IT strategies has been described (Weill & Ross, 2004).

Service Management is a set of specialized organizational capabilities for providing value to customers in the form of services. These "specialized organizational capabilities" are described mostly in a type of literature that is called IT Infrastructure Library (ITIL) which provides a framework of Best Practice guidance for IT Service Management and since its

creation, ITIL has grown to become the most widely accepted approach to IT Service Management in the world. Adoption of the IT Infrastructure Library (ITIL) has spread to about 70% of non-US organizations and about 60% of US organizations (Dubie, 2008)

The heart of service management is a series of processes and functions (e.g., service/help desk) where a "process is the set of activities (repeated steps or tasks) that accomplishes some business function" (Conger & Schultze, 2008).

IT moves away from responding to single requests in a never-ending queue toward architecture-driven IT decisions that ensure improved organizational support and, eventually, improved organizational response to changing environmental conditions (Ross et al., 2006; Broadbent & Kitzis, 2005; Ross et al., 2006)

The inputs to service management are the resources and capabilities that represent the assets of the service provider. The outputs are the services that provide value to the customers. Effective service management is itself a strategic asset of the service provider, providing them with the ability to carry out their core business of providing services that deliver value to customers by facilitating the outcomes customers want to achieve.

Since we are talking about service providers, we must first say that Service Provider is of three Types:

- Exists within an organization solely to deliver service to one specific business unit
- Services multiple business units in the same organization
- Operates as an external service provider serving multiple external customers (the case of our research).

Now, more and more organizations choose to go even further with complete outsourcing of IT services to large external server farms with external service management. This trend can be seen as natural evolution founded on the popularization of the Internet, and is similar to what has been observed in other industries as well (Liu 2009).

Service management "is a set of specialized organizational capabilities for providing value to customers in the form of services" (OGC , Service strategy, 2007). Service management includes (Figure 1): Service Strategy, Service Design, Service Transition, Service Operation, and Continual Service Improvement. Service Strategy (OGC , Service strategy, 2007) addresses techniques to specify and evaluate services (e.g. principles, economy, and risks). Service Design (OGC , Service design, 2007) describes how to specify services (e.g. service level management, catalog management, capacity/ availability management). Service Operation defines the main operational processes (e.g. incident/problem management, monitoring/ control, database /server).

After the methodology used, we would have the opportunity to have a look at al stages of ITSM process, trying to focus more on key activities of each stage.

3.1 Methodology of the study

Previous research has shown that the type of companies that prevail in Albania are SME, the lack of IT department is a characteristic of them. The IT sector is also one of the sectors of the Albanian economy that is developing more in comparison with others, since its important impact in the economy. Albanian companies are underpinning the importance of IT inside their operations. The research question is natural: Which is the state

of the art of ITSM in Albanian companies. The research in IT sector has shown that outsourcing is the prevailing manner of supplying IT services. So, to address the research question, literature review of the related underlying theoretical concepts and frameworks is conducted first. In the next phase, the methodology focused on gathering primary data by interviews with IT managers in IT service companies. 20 interviews have shown the state of the art of ITSM in Albanian companies. In order to assess the capabilities of the organizations in terms of ITSM, a review of internal materials along with the set of open interviews of key personnel are used. The interviewed are asked about almost any phase of the ITSM process, focusing often on structured masked questions. The research assumption that asking about knowledge of managers will show the importance thy give to the matter in question has helped in achieving the results of the study.

3.2 Service strategy

The service strategy of any service provider must be grounded upon a fundamental acknowledgement that its customers do not buy products, they buy the satisfaction of particular needs. Therefore, to be successful, the services provided must be perceived by the customer to deliver sufficient value in the form of outcomes that the customer wants to achieve. In addition to Strategy Generation, Service Strategy also includes the following key processes.

3.2.1 Financial Management

Financial Management covers the function and processes responsible for managing an IT service provider's budgeting, accounting and charging requirements. The practice of information technology is mostly one of the first areas, where executives try to start cost cutting (Spang, 2009): providing IT and business services demands high operational costs, but the return of IT services is hard to measure.

3.2.2 Service Portfolio Management (SPM)

SPM involves proactive management of the investment across the service lifecycle, including those services in the concept, design and transition pipeline, as well as live services defined in the various service catalogues and retired services.

3.2.3 Demand Management

Demand management is a critical aspect of service management. Poorly managed demand is a source of risk for service providers because of uncertainty in demand. The purpose is to understand and influence customer demand for services and the provision of capacity to meet these demands.

3.3 Service design

Service Design is a stage within the overall service lifecycle and an important element within the business change process. The design of appropriate and innovative IT services, including their architectures, processes, policies and documentation, to meet current and future agreed business requirements. The Service Design phase allows IT organizations to integrate to the business change process ensuring that the solution meets the defined requirements (Boverino 2009).

3.3.1 Service Catalogue Management (SCM)

The Service Catalogue provides a central source of information on the IT services delivered to the business by the service provider organization, ensuring that business areas can view an accurate, consistent picture of the IT services available, their details and status. Within Service Design, the service catalog plays a fundamental role allowing access to those services within the Service Portfolio that are planned for operations ("Chartered") or deemed operational (Boverino 2009).

3.3.2 Service Level Management (SLM)

Is "To define, agree, record and manage levels of service" (ISO 2005) SLM negotiates, agrees and documents appropriate IT service targets with the business, and then monitors and produces reports on delivery against the agreed level of service.

3.3.3 Capacity Management

Is "To ensure that the service provider has, at all times, sufficient capacity to meet the current and future agreed demands of the customer's business needs." (ISO 2005). It includes business, service and component capacity management across the service lifecycle. It must provide a point of focus and management for all capacity and performance-related issues, relating to both services and resources, and to match the capacity of IT to the agreed business demands.

3.3.4 Availability Management

Is "To ensure that agreed service continuity and availability commitments to customers can be met in all circumstances." (ISO 2005). The purpose is to provide a point of focus and management for all availability-related issues, relating to services, components and resources, and that they match or exceed the current and future agreed needs of the business in a cost-effective manner.

3.3.5 IT Service Continuity Management (ITSCM)

As technology is a core component of most business processes, continued or high availability of IT is critical to the survival of the business as a whole. This is achieved by introducing risk reduction measures and recovery options.

3.3.6 Information Security Management (ISM)

Is "To manage information security effectively within all service activities." (ISO 2005). ISM has the goal of providing strategic direction, ensuring that the objectives are achieved, ascertaining that the risks are being managed appropriately, and verifying that the enterprise's resources are used effectively.

3.3.7 Supplier Management

Is "To manage suppliers to ensure the provision of seamless, quality services" (ISO 2005). The Supplier Management process ensures that suppliers and the services they provide are managed to support IT service targets and business expectations. The purpose is to obtain value for money from suppliers.

3.4 Service transition

The role of Service Transition is to deliver services that are required by the business into operational use. Service Transition focuses on implementing all aspects of the service, not just the application and how it is used in 'normal' circumstances. Within the Service Transition process set, some of the processes most important to Service Transition are whole lifecycle processes and have impact, input and monitoring and control considerations across all lifecycle stages. The whole lifecycle processes are:

- Change Management
- Service Asset and Configuration Management
- Knowledge Management.

3.5 Service operation

The purpose of Service Operation is to deliver agreed levels of service to users and customers, and to manage the applications, technology and infrastructure that support delivery of the services. It is only during this stage of the lifecycle that services actually deliver value to the business, and it is the responsibility of Service Operation staff to ensure that this value is delivered.

3.5.1 Event Management Process

An event is a change of state that has significance for the management of a configuration item or IT service. After an event has been detected it may lead to an Incident, Problem or Change, or it may simply be logged in case the information is needed.

3.5.2 Incident Management Process

Is "To restore agreed service to the business as soon as possible or to respond to service requests" (ISO 2005). An incident is an unplanned interruption to an IT service, or a reduction in the quality of an IT service. Failure of a configuration item that has not yet impacted service is also an incident.

3.5.3 Request Fulfillment Process

A service request is a request from a user for information or advice, or for a standard change, or for access to an IT service. The purpose is to enable users to request and receive standard services; to source and deliver these services; to provide information to users and customers about services and procedures for obtaining them; and to assist with general information, complaints and comments.

3.5.4 Access Management Process

Access Management helps to manage confidentiality, availability and integrity of data and intellectual property.

3.5.5 Problem Management Process

Is "To minimize disruption to the business by proactive identification and analysis of the cause of incidents and by managing problems to closure" (ISO 2005). A problem is a cause of one or more incidents. The cause is not usually known at the time a problem record is created, and the problem management process is responsible for further investigation.

3.6 Continual Service Improvement

Continual Service Improvement (CSI) is concerned with maintaining value for customers through the continual evaluation and improvement of the quality of services and the overall maturity of the ITSM service lifecycle and underlying processes. CSI combines principles, practices and methods from quality management, Change Management and capability improvement, working to improve each stage in the service

lifecycle, as well as the current services, processes, and related activities and technology.
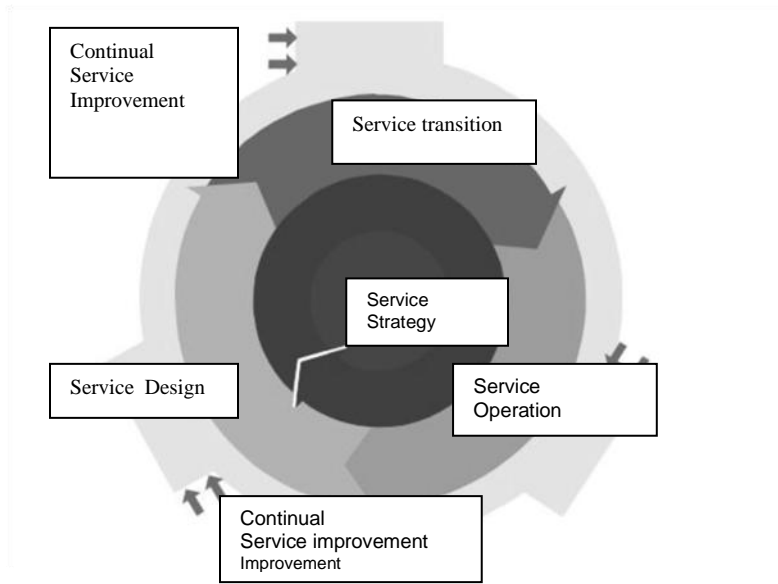

Fig 1: ITSM process

4. ITSM PROCESS IN IT SERVICES COMPANIES IN ALBANIA

An in-depth look on how IT services are built throughout the process that inevitably accompanies them, will help all enterprises face with customers in this market. As stated in the methodology section, the first data comes from interviews with sector professionals, who work daily to provide services in this market.

Looking at the range of services that could theoretically be provided, we observe a concentration of services offered only in some aspects. So, most of the respondents claim that among the most requested services on the market today are those providing technical assistance and Internet Service Providers (ISP). The software subsector is also experiencing growth, but few are the companies that operate in this area, as it is required more qualified personnel. Services required today determine the fragmentation of the market in terms of the offer. So companies that provide technical assistance, generally deal with the trade of hardware (although trade is not included under the definition given in the ICT services) and are small and numerous. Meanwhile, companies that are ISP or telephone services are constantly changing. They are trying to expand in two directions, first to expand geographically, moving from local ISP, in regional and then national, and secondly to increase the range of services offered. In this form these companies, although some of them classified as small and medium businesses (on the basis of the number of employees, 1-19), are building a portfolio of services which is continually updated, or adapting to changing market requirements. At least, this is claimed by the interviewed to be one of the guidelines for the implementation of this portfolio.

The place that occupies each offered service in this portfolio is different. Even here, there is a classification based on the type of company. Usually, for the companies that operate mainly in the field of IT assistance, this component of service is a significant part of their budget and revenues. However they mainly trade hardware and components and in some cases other services. This trade constitutes 60-80% of their revenues. The maximum of revenues that this kind of services can reach, is up to 60% of total revenues of the company. The offering of this service is related directly with the experience and competence of staff. It should be noted that the revenues indicator is related also with the price, because the price is part of revenue calculation. The prices for consultancy and assistance services are lower than the prices of equipment.

However, these two types of services are more part of the portfolio of IT assistance companies. On the other hand, it can be easily identified the other group of companies that offer Internet services and / or telephone services, which have also diversified their portfolio. However the biggest part, about 50-85% is the part of their services classified as ISPs. While they have almost the same weight by 20-40% in offering the two other services, trade of hardware and consultancy and assistance. A very small portion of these companies offer software building. Another group of companies souring is the group of companies that build software. In fact these can be considered as companies in the production sector, but in the Albanian environment, this is a product that is often associated with ancillary services such as assistance with hardware, networks or other parts of IS without which the software cannot function properly.

Services that currently account for a low weight in the portfolio of services are those associated with networks, web design or web hosting or other service.

As cited in the literature review, an important component of the service strategy is the evaluated risk by service providers. When service providers are asked about risks that impact the most their

activities the response is immediate. In most cases risks are related to competition, while in some cases they are related to technology and continuous innovations in the field of ICT. Prices, technology infrastructure and financial aspects of the business are less frequently mentioned as potential risks for their business. The answers are more focused on elements that represent business risks more than risks related with the service delivery.

After an accurate evaluation of the answers, we find that there are gaps between the service strategy process as stated in the literature review and that process as implemented in services offered by the service companies in Albania. If service portfolio could be considered a stage that is currently carried out together with the catalogue construction of service as well as defining markets and customers, other processes within the strategy as the development of assets, or preparing for implementation will not matter.

The service design is a step which should not be undertaken without taking into account assets such as personnel, so significant in the ICT field. Regarding the staff, interviewees state that it has an important role but not the most important for building the service. Compared with other elements in this process, the staff is the second most important factor. It is weight as most important in about 20-55% of the cases, while the most important element is the financial aspect. This is also due to technological innovation facing the sector on a continuous way. In fact, from all the costs, that of technology infrastructure occupies a significant role, while other costs are not mentioned among the leading cost components. Regarding building the portfolio in terms of designed value for clients, ICT services in Albania are still far from the standards set in the literature. Building architecture, processes or measurement systems at this stage is still in an empirical stage.

Service Transition is the stage when the company works with each client in a different way. 'Companies in Albania have made a series of attempts to communicate with the client, but again the biggest problem in managing the IT projects remains the difference between the initial agreement about the system or project and the result, often due to the lack of specifications needed from the client. The concept of customer , which does not only accompanies this stage of the process, but also all the stages of ITSM process, is considered important by a small part of respondents. The majority of the companies care more for the short run profits than for reaching solutions for the client, making so profits in the long run.

Regarding market segmentation, all companies are oriented to some extent towards the selection of a market segment, but currently they only make the difference B2B, B2C. According to company managers, it is not yet reached an evolved stage segmentation.

As far as service operations are concerned, the problem consist mainly of the importance given to elements such as explanations to customers, co-operation between management and the IT staff, characteristics required by staff, given the value of technological innovation and service management and so on. Explanations for clients are seen as necessary by the majority of respondents. Even those who have not given the maximum rating on the importance of this aspect have affirmed their commitment as managers in this regard. Cooperation in both types of staff, is considered almost as important, maybe even more than expected, in relation to organizational and managerial

staff, but what makes more impression is that companies give less importance to the service management than to the service innovation. It is understandable that being the company that are focused on technology services, be more inclined to promote and to rely on innovation than on process management.

One of the difficulties that should be taken into account during service operation is also the ability of customers to support investments in infrastructure as an important element for building their information systems. Currently, according to specialists surveyed, companies that invest in ICT are also more likely sustaining high investment. This is one more reason to be cautious and selective in building the portfolio of services and catalog, from the providers' point of view. But it comes as a result of the type of clients, the majority of which are small and medium enterprises. Experts also agree that the biggest problems shown in the management of their businesses are primarily sales and marketing problems, problems of investing in new technologies and web security and illegal licenses. Clearly, there is a difference between technical and technology problems and management and marketing ones.

A very important component, widely accepted by the ITSM and IT services marketing, are human resources as the forces that create and support the service. Among the most valued characteristics of staff are technical competence, communication and negotiation skills and experience. This means that companies appreciate the organizational skills of the staff as much as technical ones.

Among the last steps of the process is the measurement and continuous improvement. Unlike a previous assumption that companies do not make such measurements to enable continuous improvement of service, this study found that these measurements were made in most cases, but they were incomplete, that is to say only some of the indicators after the implementation of the project and service delivery, could be measured. In fact, about ¼ accept that companies do not control the process through measurements. This fact, as well as the measures used in other cases, indicates that the process ends up not exactly as it should, in terms of results. In fact only 2-3 by big businesses in the area of ICT from all those interviewed make measurements almost about all indicators mentioned.

5. CONCLUSIONS

Many organizations still see IT service management as being predominantly a technology issue. ITIL promotes a much more "joined up", "end-to-end" approach to IT service management replacing the 'technology silos' and isolated 'islands of excellence'. The focus of IT management has been changing for some time and in the future management will be even less focused on technology and still more integrated with the overall needs of the business management and processes. New management systems are already starting to evolve and will continue to evolve over the next few years. This development will accelerate, as the management standards for the exchange of management information between tools become more fully defined. In essence, management systems will become:

- more focused on business needs
- more closely integrated with the business processes
- less dependent on specific technology and more "service centric"
- more integrated with other management tools and processes.

After reviewing ITSM process in the light of companies in Albania, we can say that, in this moment they are implementing better phases like service strategy and service design, but not with all their components. It is obvious the focus especially on building e service portfolio. We still found that there are gaps between the service strategy process as stated in the literature review and that process as implemented in services offered by the service companies in Albania. The last phases, like service operation as well as service improvement are neglected. Further research must investigate relationships between the implementation of ITIL and types of services, including also IT departments within organizations.

6. ACKNOWLEDGMENTS

7. REFERENCES

[1] Broadbent, M. & Kitzis, E. S. (2005). The New CIO Leader. Harvard Business School Press.

[2] Conger, S. & Schultze, U. (2008). IT Governance and Control: Making sense of Standards, Guidelines, and Frameworks Chicago, IL: The Society for Information Management Advanced Practices Council.

[3] Dubie, D. (2008). ITIL adoption increases in U.S., proficiency still lacking. NetworkWorld.com.

[4] Durvasula, S., Guttmann, M., Kumar, A., Lamb,J., Mitchell, T., Oral, B. et al. (2008). SOA Practitioners Guide Part 2: SOA Reference Architecture http://www.soablueprint.com/whitepapers/ SOAPGPart2.pdf.

[5] Boverino, E., Service catalog management, a CA service management process map, Technology brief, service catalog management, July 2009.

[6] Hochstein, A., Tamm, G., and Brenner, W. (2005a). Service-oriented it management: Benefit, cost and success factors. In Proceedings of the 13th European Conference on Information Systems (ECIS), Regensburg, Germany. ECIS.

[7] ISO, International Organization for Standardization (2005a). ISO/IEC 20000- 1:2005 IT Service Management - Specification. ISO, Switzerland. 1st edition. 16 pages.

[8] itSMF (2007). An Introductory Overview of ITIL V3 London: IT Service Management Forum.

[9] itSMF International and van Selm, L. (2008). ISO/IEC 20000: An Introduction. Van Haren Publishing, Zaltbommel. ISBN: 9789087530815.

[10] Keel, A., Orr, M., Hernandez, R., Patrocinio, E., and Bouchard, J. (2007). From a technology-oriented to a service-oriented approach to IT management. IBM Systems Journal, 46(3):549–564.

[11] Liu, J. (2009). Cloud as a Service Delivery Platform: The Must-Haves for Getting to Value. Cutter IT Journal, 22(6/7):26–31.

[12] Office of Government Commerce, ITIL Service Strategy, TSO, London, 2007

[13] Office of Government Commerce, ITIL Service Design, TSO, London, 2007

[14] OGC, Office of Government Commerce (2007). The New ITIL (Version 3). Available from http://www.ogc.gov.uk/guidance_itil_4899.asp.

[15] Pollard, C. and Cater-Steel, A. (2009). Justification, Strategies, and Critical Success Factors in Successful ITIL Implementations in U.S. and Australian Companies: An Exploratory Study. Information Systems Management, 26(2):164–175.

[16] Ross, J., Weill, P., Ross, J., & Robertson, D. C. (2006). Enterprise Architecture as Strategy, Harvard Business School Press.

[17] Spang, S. (2009) Five Trends that will shape business technology in 2009, in: McKinsey Quarterly, 2009 February, http://www.mckinseyquarterly.com/Five_trends_that_will_ shape_business_technology_in_2009_2296 (accessed: 05.03.2009.)

[18] Weill, P. & Ross, J. (2004), IT Governance, Harvard Business School Press