Shared services model for it research paper

Business, Management

Robert, Clayton and Steven (2009) define shared services as a collaborative strategic measure where a subset of the existing business functions are concentrated in a semi-autonomous business unit designed to promote value generation, efficiency, improved services, and cost rationality. Contrary to traditional strategic approaches, the shared model deals with duplication of business activities across the organization. To add on the value, the shared model substitutes some traditional methods such as centralizing of similar activities within an organization, and outsourcing activities from external providers, and adopts a consolidated strategy to concentrate these activities. This enhances on profit maximization, focus, and cost reduction (Bergeron, Baker and Taylor, 2003).

Similar to the HR department, the IT department plays a critical role in implementing the shared model. The IT department encompasses all forms of information and technology used for data creation, storage, exchange and use. It is the department that provides technology to drive, control, and access to business information. The department encompasses components like software, hardware, communication and networking infrastructure, support, leadership, planning, business intelligence, and governance. The shared model creates an environment fit for an organization to add value and meet its objectives (Robert, Clayton and Steven, 2009). The controls under the model benefit a company as discussed below:

Advantages of shared model for IT.

Strategic IT investments create value by providing fast, convenient and persistent business solutions. Adapting the shared model in the department guarantees the objective criteria defined in a business as costs are reduced, quality improved, and efficiency ensured (Bergeron, Baker and Taylor, 2003). The shared services model for IT enhances the functionality in an organization. By consolidating IT operations into a single business unit, the shared services model provides the capacity to storing secure electronic information, provides a direct operating assistance in software use, ensures data management, and operating applications development. This ensures smooth running and functioning of all departments in the organization. The results are coordination, efficiency, and productivity (Robert, Clayton and Steven, 2009).

The shared model for IT enhances architectural agility in a firm by facilitation of a transformation designed towards new organizational forms such as service-oriented enterprises and shared service organizations (Su et al, 2009). This induces a significant reduction in IT budgets, and IT support costs. The model also reduces on a firm's operating costs by reducing the number of employees, and gaining efficiency. It defines and consolidates the roles of every employee so that the resources are totally utilized. This enhances cutting down on operating and running costs, and increases on profits and quality (Bergeron, Baker and Taylor, 2003). The consolidation of roles also ensures that a firm focuses on the customer mindset, and this induces professional service delivery.

Shared IT services provide governance and discipline in an organization. Centralizing IT functions builds up on standard policies, effective controls, monitors and delegates technological solutions to all business departments (Su et al, 2009). This avoids ' shadow' IT and provides potential reliability, security, and management of any loopholes that may lead to frauds.

When IT department is consolidated into a business unit, transparency and speed is guaranteed. This is from the fact that there are delegation of duties, which increase accountability and responsibility. This also enhances working closely with other departments through the IT solution life cycle (Su et al, 2009). This is achieved through the selection of business partners, building on service delivery, improving service transparency, and speeding up the services. The IT department is enhanced to monitor and govern the other departments ensuring there is maximum productivity and value addition.

The shared model also creates an innovative synergy between IT and business convergence (Robert, Clayton and Steven, 2009). The centralized IT department becomes an innovation hub where strategy expeditions are developed, sustainability of efficiency and process effectiveness is created, and a lens that views the business enterprise, customers and partners, as a whole. The convergence acts as a chief sustainability officer who overviews the needs of enterprise, customers and partners, and ensures that their needs are met.

Disadvantages.

The shared model for IT is exacerbated by volatile economic environment, and unpredicted events, which are a normalcy in today’s business sector. Such risks may significantly affect the realized and perceived value of shared services, which may lead to limited user satisfaction. Most of the risks of the model are, however, manageable though they require aggressiveness and focus to the objectives of an organization (Bergeron, Baker and Taylor, 2003). Some of the disadvantages are discussed below:

The model creates an over-standardization of business processes and systems. Centralizing the IT department implies that all other department are dictated by the standards that the IT department advocate. This leads to rigidity of processes to change, which is essential in business growth. The model leads to increased system complexity in a business. As much as it is cost saving, the complexity in business system may lead to unexpected cost escalations, which in turn affects the levels of profits and growth (Robert, Clayton and Steven, 2009). Additionally, it leads to lack of flexibility amongst workers. The fact that the roles and duties of every employee are standardized may imply that the employees are stuck in their roles. This may impact on their innovative and creative capacities, which are essentials in value addition, in a business.

Implementing the shared services model in IT may also create long and unrealistic project timelines, which may not be achievable. This is due to the risk of system complexity, lack of flexibility in operation, and the over-standardized business processes (Su et al, 2009). Such may lead to increased costs, and unrealized profits, which negate from the aim of implementing the shared system.

Activities conducted by relationship managers in a shared services organization.

A relationship manager acts as an arbitrator and negotiator of services, and the levels of services offered by an organization. In a shared services organization, the roles of a relationship manager vary in terms of scope, purpose, seniority, and the size of the team being led. Some of the examples of the roles played by a relationship manager, in a shared services organization, include offering assistance in program charters and project creation, acts as both as a member of IT leadership teams and business teams and contributes to both sides i. e. business, and IT procedures. The manager also identifies how to support and advance information and IT to meet business objectives, and assists in translating demand into supply. This is contrary to a traditional perspective of a relationship manager whose roles are defined by handling operational details. They work in liaison between different departments, facilitate communication, handle complains, coordinate planning, and resolve problems. In a shared services organization, the scope of duties of relationship managers is more pronounced than in a traditional services organization (Bergeron, Baker and Taylor, 2003). The latter handles all issues in an organization while, in a shared services organization, the relationship manager is defined according to the department handled. In IT, the relationship manager monitors and ensures satisfaction of the business partners, and facilitates continuous improvements in the business partner experiences with IT. The relationship manager also oversees all initiatives in IT, and assists in managing changes, in business processes, to ensure that the objectives or value predicated are realized.

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