The Case Study of Al Hussein Medical City (AMC)

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Abstract: There is a rapid growth towards outsourcing of the processes which involve IT activities. This grow this accompanied by an urgent need to study the issues of the outsourcing process of the IT activities. This study is conducted to examine and identify the issues related to the principles and practice of the IT outsourcing in Jordan. AMC is taken as an example. Questionnaire was conducted with staff of the AMC. The findings found that there are number of issues must be considered in order to out source the IT related activities in Jordan. Also, we review the different types of outsourcing and the reasons for outsourcing.

INTRODUCTION

In the last few decades, outsourcing became of greater interest to the professionals and organizations. In general, outsourcing is the process of involving a third party to provide services to any organization. Within the course of this wide understanding every business makes use of outsourcing in some way in order to achieve profits by the manner of cost-effective-clearly the costs of complete self-sufficiency are too expensive. These services can be any non-core business processes. In the case of IT outsourcing, the non-core business processes vary from web hosting or business process outsourcing or even complete (information system) outsourcing.

More precisely, IT outsourcing can be defined as an organizational decision to sell out some or all its IT assets such as people or/and activities to third party vendor who in turn his role is to provide and manage the services for a certain time period and money. Traditionally, companies outsource their IT functions in the hope of achieving cost savings, greater efficiency and technical expertise to name but a few benefits (Clark *et al.*, 1995). From the literature, there many outsourcing drivers. In 2008, Ghodeswar and Vaidyana than classified the outsourcing drivers into 4 classes, organizational drivers, improvement drivers, financial and cost drivers and revenue drivers (Bhimrao and Janardan, 2008; Jurison, 1995; Loh and Venkatraman, 1992).

Al Hussein Medical City (AMC) background: AMC affiliated to military services, located west of Amman, the Jordanian capital. Its staff includes about 1,000 specialists, nurses and administrators and grants medical degrees to most majors and is provided with medical contracts with international medical institutions. The medical complex includes five hospitals and a center for laboratory studies at the regional level. AMC is also provided with information and reception center where the registration and forwarding of patients to the proper clinic and the payments and the despising is accomplished. There also other departments concerned with logistics. The stages that the patient passes through for to be treated is illustrated in Fig. 1.

Problem statement: Frankly speaking, IT outsourcing in Libya is very difficult to be implemented. This because of some obstacles the country of Jordan has been facing during the last decades. These obstacles vary from infrastructural problems to cultural and the lack of the services provider's specialist's problems. The implementation of IT outsourcing in Jordan will face tremendous difficulty in levels, the enforcement and the practicing.

In order to study the issues of the IT outsourcing principles and practice in Jordan, AMC is taken as a case study. Due to its location in the center of the capital city of Amman, ACM receives daily >3000 patients. All of these patients need first to pass through the process
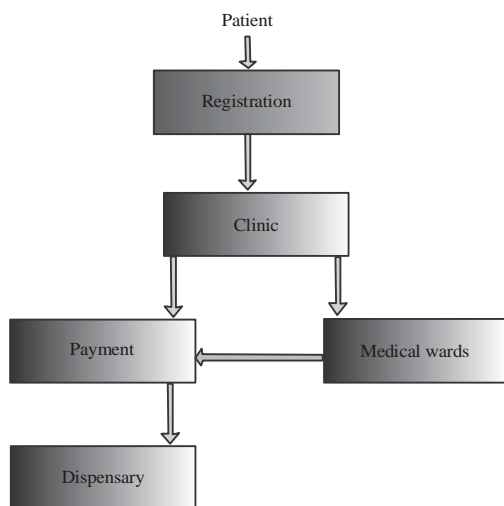
Patient

Fig. 1: AMC patient treatment process

illustrated in Fig. 1 which is almost done manually. This will result in many defects and deficiencies which can be briefed as the following:

- Time consuming
- Extra staff will be needed
- Customer frustration
- Bad services qualities
- Extra money allocated for stationary
- Loss of focus on the core processes (Medical treatments)

Objectives: AMC headquarters have decided to improve the overall city performance by outsourcing all the noncore processes. One of the outsourcing transitions is to outsource the IT based processes. By using IT outsourcing, AMC headquarters hope to achieve the following points:

- High quality services
- Upscale healthcare services
- Facilitating the administrative and financial procedures
- Increasing salaries
- Increasing the income
- Ease of access to treatment by all society classes

MATERIALS AND METHODS

In order to understand the It outsourcing decision process, a case study method is used. Case study approach is found useful for this study as this study is mainly exploratory. Benbasat *et al*. (1987) have found that by using case study research, the topic can be studied in a natural setting and generate theories from practices as well as the 'how' and 'why' questions can be answered (Benbasat *et al*., 1987). A literature survey is conducted. The objective of this survey is to assess the perceived issues associated to the process of in IT outsourcing in AMC. First, a research is conducted to find out the most common issues that used to be faced by the outsource customers during the IT outsourcing process. Then according to the AMC IT outsourcing requirements, we investigated the issues that could be faced during the outsourcing transition.

RESULTS AND DISCUSSION

Findings: From the literature, AMC may face some issues due to IT outsourcing. These issues can be addressed as the following:

Actual costs are not clear: The organization need to find the proper IT vendor by identifying, evaluating and negotiating about the contract with the chosen IT vendor. All of these factors will result in the higher cost of the overall outsourcing process. Also, there will be extra cost burdens due to transitioning processes such as setup and redeployment as well as management functions such as monitoring contractual obligations, bargaining with vendors and change of contract negotiations (Barthelemy, 2001, 2003; Earl, 1996).

Hidden costs: During the development lifecycle, projects business requirements can be changed. Thus, any additional requirements or contract amendments must be considered in early stages (Clark *et al*., 1995; Gonzalez *et al*., 2005).

Loss of critical skills and competencies: The IT outsourcing will affect the organization skills and competencies due to the reduction of IT training or by the discontinuation of permanent internal IT positions. Also, the client knowledge and experience gained from the vendor innovative solutions will be lost, thus, reducing the level of innovation within an organization. The cost of rebuilding the in-house IT capability may prove too costly making the choice to reverse the decision unfeasible. Thus, the reverse process must be considered very well in terms of the agreements and penalties such that the organization will not be affected (Clark *et al*., 1995; Earl, 1996; Gonzalez *et al*., 2005).

Irreversibility of the outsourcing decision: Due to outsourcing requirements, the staff is brought by the vendor such that the client will be effectively at the same level with same personnel as before outsourcing. Thus, a vendor may be slow to upgrade to new technologies in order to maximize the profitability of existing legacy systems (Clark *et al*., 1995).

An excessive dependency on the provider: The contract cost can be increased by the extra dependency on the vendor where additional staff members and technology are needed to replace the client role. Moreover, the excessive dependency on the provider will decrease the work flexibility (Clark *et al*., 1995; Gonzalez *et al*., 2005).

Qualification of the providers Staff: The outsourcing needs to transfer all client staff to the vendor such that will create a situation of deadlock, i.e. Staff transfers from client to vendor resulting in same expertise. Also, the most talented staff can be appointed to new contracts (Earl, 1996; Gonzalez *et al*., 2005).

The provider does not comply with the contract: Any contract has its obligations that must be accomplished by the vendor to the interest of the client. This obligations need to a comprehensive understanding to the client's business process which possibly may not easy (Clark *et al*., 1995; Gonzalez *et al*., 2005).

The possible opposition of clients IS staff: Outsourcing as all may not be accepted by the employee such that some kind of concern and anger can be generated to the staff. Low morality after outsourcing due to assigning employees to unsuitable roles can affect the level of personnel productivity which will affect the overall organization productivity as well (Gonzalez *et al*., 2005; Palvia, 1995).

Security issues: Private data access is the client's greatest concern. Outsourcing lets the vendor to have full data access including the private data for editing and manipulation. Access permission policy needs to be set in order to restrict the private data access. Moreover, once the databases created and the data stored then a strategic disaster recovery plane is needed to avoid any data lose (Alner, 2001).

CONCLUSION

This research has shown many issues that can be faced by the AMC during and after the IT outsourcing process. Most of these issues are contractual. In order to be avoided, the client organization and the IT outsourcing organization must put a transitional plane such that any transitional mistakes can be avoided. Moreover, the contract and the penalties of any failure by any of the parties must be clarified and thus the client and the vendor need to understand their obligations and entitlements during and after the IT outsourcing process.

RECOMMENDATIONS

In order to improve the findings of this research, the issues that AMC may face due outsourcing must be realized more by conducting some kind of questionnaire. This questionnaire should involve all the staff members from the two parties; the client and the vendor. Staff members those who have a direct or indirect relation to any IT business process.

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