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Evaluating Alternative Service Delivery Models and the Role of Performance Measurement in Defining Service Level Agreements for IT Infrastructure Services

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ABSTRACT

As more and more organizations adopt a services-orientation towards maintaining and managing their information technology (IT) infrastructure, IT service management emerge as an area of immense academic and practitioner interest. Service orientation to IT makes it imperative that some standard guidelines are developed to provide insights towards different forms of service design and delivery, contract structure, performance metrics, and their inter-relationships. In this context, this dissertation aims to address issues arising from demand heterogeneity and service interactions in provisioning IT infrastructure services. Demand heterogeneity refers to the fact that requests for the same service may have varying levels of significance across users and user groups. Service interaction arises due to the interdependence of different components included in a service package. Demand variation impacts the resource allocation and subsequent pricing decisions of the provider; whereas service interaction results in correlated performance measures, making performance evaluation difficult. A dynamic price-penalty scheme is proposed as an alternative to the traditional fixed-price service models as a response to demand variance. The second phase of the research aims to investigate the nature of the relationship between different incentive designs and performance measures, and their impact on provider's effort allocation and customer's use of performance measures.