Practical Approaches to Achieving Sustainable IT Governance

Beyond Mandates: Getting to "Sustainable"
IT Governance Best Practices

Agenda

- IT Governance Definition
- IT Governance Principles
- IT Governance Decisions
- IT Governance Processes
- IT Governance Mechanisms
- Summary & Wrap-up

First, What is IT Governance?

▸ Structure of relationships and processes to direct and control the IT enterprise to achieve IT's goals by adding value while balancing risk versus return over IT and its processes. © IT Governance Institute. All rights reserved.

▸ "The processes that ensure the effective and efficient use of IT in enabling an organization to achieve its goals." © 2006 Gartner, Inc. All rights reserved.

▸ "The process by which decisions are made in IT investments." © 2005 Forrester Research, Inc. All rights reserved.

▸ Simple Version – The processes and relationships that lead to reasoned decision-making in IT

▸ 3 Key Questions:
  ◦ What decisions need to be made?
  ◦ Who is accountable for making the decisions?
  ◦ How will the decisions be made?

IT Governance is Based on Meeting Five Principles

▸ **Ensure IT is aligned with the business** – focus on aligning with the business and collaborative solutions

▸ **Ensure IT delivers value to the business** – concentrating on optimizing expenses and proving the value of IT

▸ **Ensure IT manages risk** – addressing the safeguard of IT assets, disaster recovery and continuity of operations

▸ **Ensure IT manages resources** – realizing the optimal investment in, and proper management of, critical IT resources

▸ **Ensure IT manages performance** – tracking and monitoring strategy implementation, project success, resource usage, process performance and service delivery

Every Organization Addresses Five Key IT Governance Decisions

IT Principle Decisions

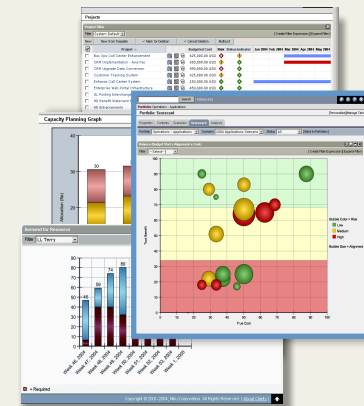Clarifying Enterprise Objectives for IT

IT Architecture Decisions

IT Infrastructure Decisions

IT Investment and Prioritization Decisions

Business Application Decisions

IT Governance Decisions

**IT Principles -** Clarifying the role of IT in the business – basis for defining IT Archetype

▸ Based on the Business Principles of the enterprise – business drives IT

▸ Driven by Business' expectations and industry sector constraints

▸ Developed by IT and business leadership

▸ A related set of high-level statements about how IT is used in the business

▸ IT Principles provide clarity and focus for the IT enterprise, establishing the direction for all other decisions

IT Archetypes

Partner Player

Trusted Supplier

Solid Utility
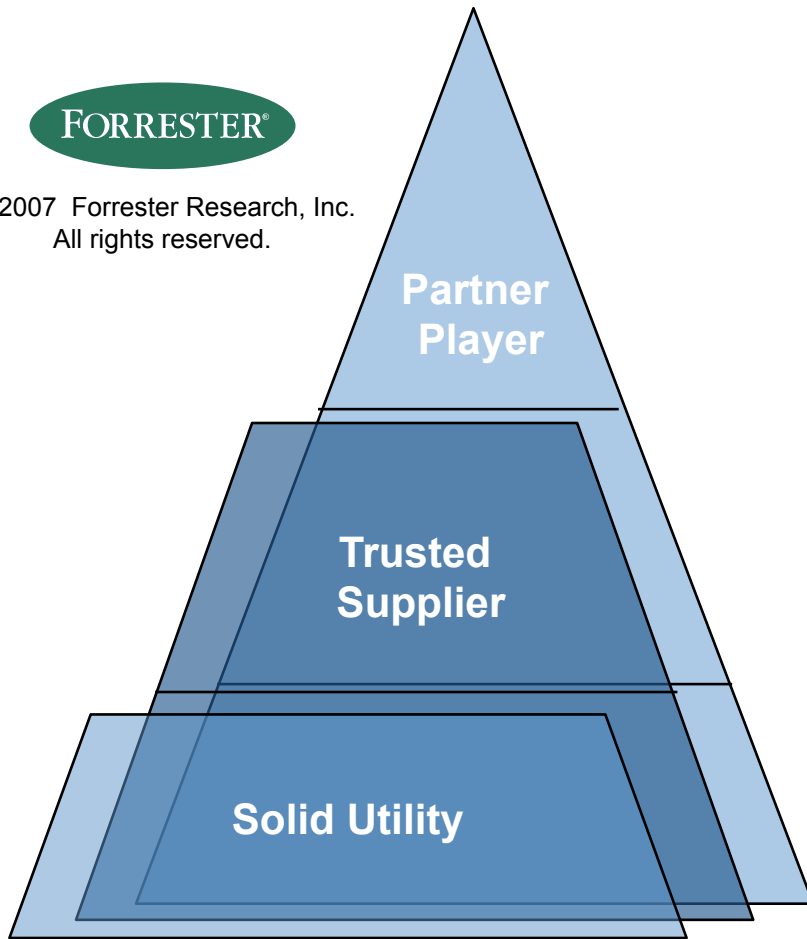
Partner Player

▶ IT organizations expected to create unique and competitive solutions with customers, suppliers, and internal users — plus, being a Trusted Supplier.

Trusted Supplier

▶ IT organizations expected to deliver app projects on time and on budget, based on operating units' requirements and priorities — plus, being a Solid Utility.

Solid Utility:

▶ IT organizations expected to provide cost–effective, dial–tone reliability with transparent, constantly declining costs.

Approximately one-third of companies are in each of the archetypes according to the Forrester State Of IT Governance In North American And European Enterprises Report © 2008, Forrester Research, Inc. All rights reserved.

IT Governance Decisions

IT Architecture - Defining integration and standardization requirements

▸ Organizing logic for data, applications and infrastructure

▸ Captured in policies, relationships and technical choices

▸ Technical and data standardization

▸ Defines where shared infrastructure ends and applications begin

▸ **Supports current and future application needs**

IT Governance Decisions

IT Infrastructure Strategies - Determining
shared and enabling services

- ▸ Foundation of planned IT capability
- ▸ Shared and reliable services used by multiple applications
- ▸ Includes infrastructure applications
- ▸ All communications pass through a security and risk capability
- ▸ **Enables rapid implementation of future business initiatives**

IT Governance Decisions

Business Application Needs – Specifying the business need for purchased or internally developed IT applications

- Fundamentally improve business processes
- Enables operating efficiency
- Balance of creativity and discipline
- Willingness to sacrifice functionality for architectural integrity
- **Contributes to strategic value**

IT Governance Decisions

IT Investment and Prioritization - Choosing which initiatives to fund and how much to spend

- How much do we spend?
- What do we spend it on?
- How do we reconcile the needs of different constituencies?
- Requires business–led and IT–enabled Portfolio Management
- Ensures IT spending reflects strategic priorities

Each IT Governance Decision is Enabled by IT Governance Processes

▸ Integrated Business & IT Planning

▸ IT Investment Assessment, Prioritization, Funding & Benefits Realization Accountability

▸ IT Financial & Resource Allocation

▸ Project Prioritization & Decision-making

▸ Emerging Technology Evaluation & Adoption

▸ Client Relationship Management

▸ Building & Maintaining Applications & Infrastructure

▸ Provisioning of IT Services

▸ Outsourcing Services

▸ Audit & Risk Management

▸ Architecture Management – Standards & Review

IT Governance Processes

Integrated Business and IT Planning
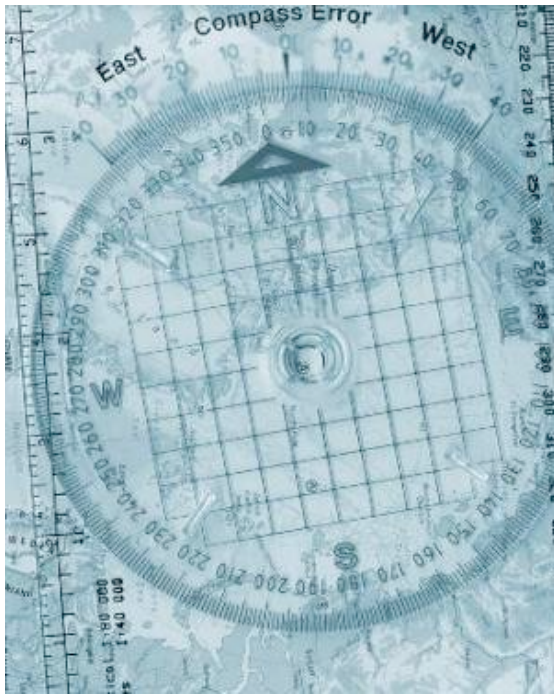
- IT Strategic Plan based on Business Strategic Plan
- IT Tactical Plan based on IT Strategic Plan
- IT Operational Plan based on IT Tactical Plan

IT Governance Processes

Architecture Management

- Defined architecture
- Policies, standards, relationships and technical choices
- Architecture Committee

IT Governance Processes

IT Investment Assessment, Prioritization, Funding & Benefits Realization Accountability

▸ Demand Management

▸ Portfolio Management

◦ Project, Demand, Resource, Asset, Application, Service

▸ Governance or Steering Committee

▸ PMO Supported

IT Governance Processes

IT Financial and Resource Allocation

- ▸ Financial Services for IT
- ▸ Financial plans
- ▸ Budgets and forecasts
- ▸ Cost accounting
- ▸ Chargeback
- ▸ Resource management

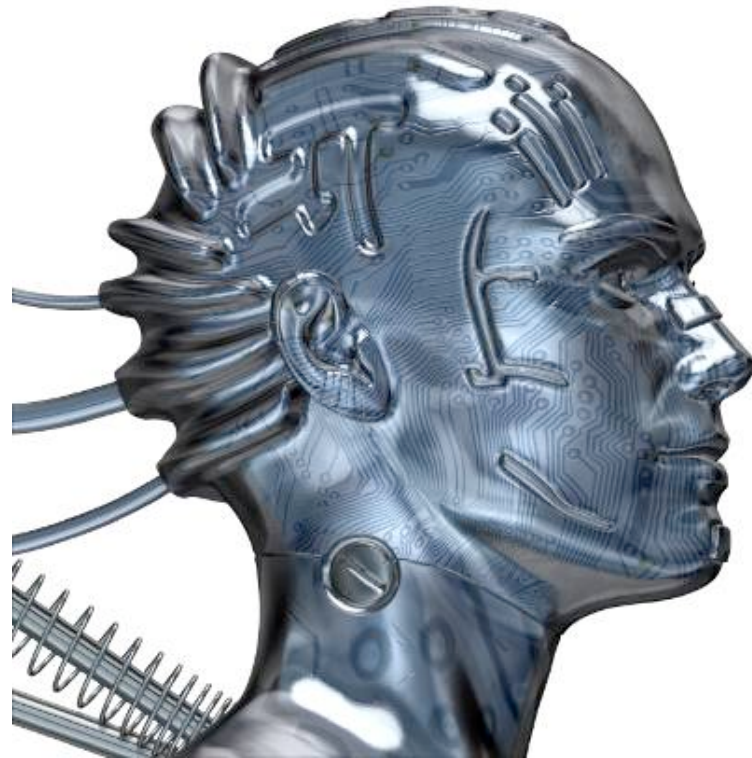# IT Governance Processes

Project Prioritization and Decision-making

▸ Project Portfolio Management
▸ Fact–based decision–making
▸ Scenarios and what–if analysis
▸ Monitoring, speeding, slowing, stopping, trade–offs and killing projects
▸ Empowered PMO – Project management best practices and center of excellence

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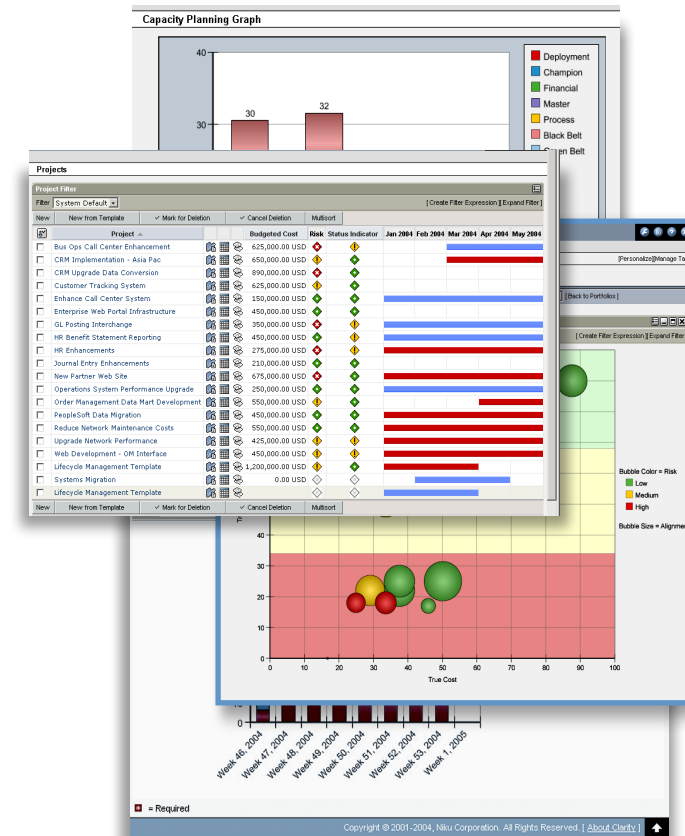
IT Governance Processes

Emerging Technology Evaluation and Adoption

▸ Research and development
▸ Market side – not just supply side
▸ Linked to business strategy

IT Governance Processes

## Client Relationship Management

- Advocate for business and IT
- Acute understanding of business needs
- Acute understanding of IT capability
- Facilitate communication and collaboration
- Speed and improve decisions
- Improve requirements processes
- Ensure value and performance

IT Governance Processes

Building and Maintaining Applications and Infrastructure
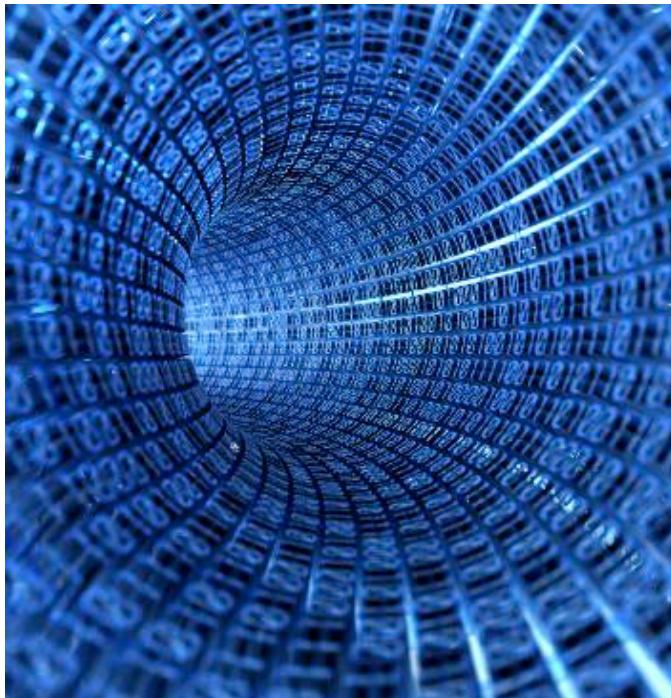
- SDLC, Testing and Quality Assurance
- Application and Asset Portfolios
- ITIL Service Support
  - Incident, Problem, Change, Release and Configuration Management
- Service continuity

IT Governance Processes

Provisioning of IT Services

▸ Demand Management

▸ ITIL Service Delivery
  ◦ Service Catalog
  ◦ Service-Level Management
  ◦ Capacity Management
  ◦ Availability Management
  ◦ Financial Management of IT
    Services
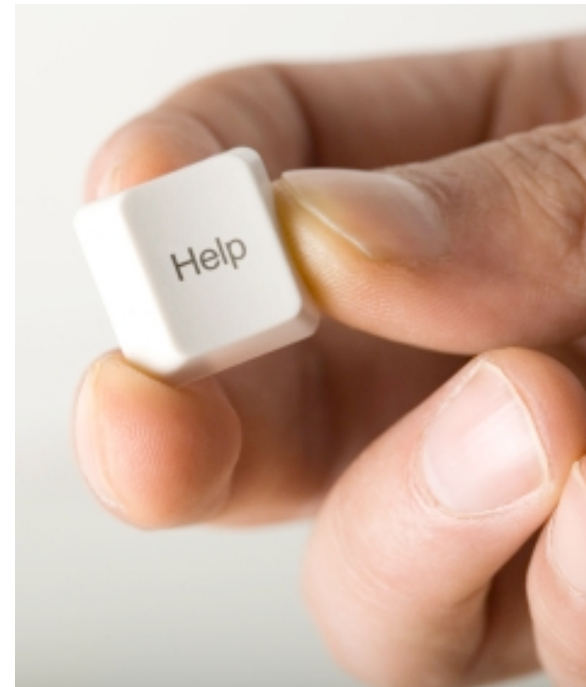
IT Governance Processes

Outsourcing Services

- Facilitates decision that services are better provided externally
- Vendor and contract management
- Fact-based price comparisons
- Sets clear expectations for provider performance
- Ensures architectural fit

IT Governance Processes

Audit and Risk Management

▸ Risk modeling and assessment
▸ Partner with IT Audit – COBIT
▸ Security
▸ Service continuity and disaster recovery
▸ Compliance
▸ Policies & Standards

IT Governance Decision to Process Relationship

KEY
- 🟦 Drives Decision
- 🟥 Drives Process
- 🟪 Drive each other

IT Governance Processes

Governance Decisions	Integrated Business & IT Planning	Architecture Management	IT Investment	IT Financial & Resource Allocation	Project Prioritization & Decision	Emerging Technology Adoption	Client Relationship Management	Applications/Infrastructure	Provisioning of IT Services	Outsourcing Services	Audit and Risk Management
IT Principles	Drives Process	Drives Process	Drives Process	Drives Process	Drives Process	Drives Process	Drives Process	Drives Process	Drives Process	Drives Process	Drives Process
IT Architecture	Drive each other	Drives Decision	Drive each other	Drives Process	Drive each other	Drive each other	Drive each other	Drive each other			Drives Decision
IT Infrastructure Strategies	Drive each other	Drives Decision	Drive each other	Drives Process	Drive each other	Drive each other	Drive each other	Drives Decision	Drives Process	Drives Process	Drives Decision
Business App Needs	Drive each other	Drive each other	Drive each other	Drives Process	Drive each other	Drive each other	Drive each other	Drives Decision	Drives Process	Drives Process	Drives Decision
Investment Priority	Drive each other	Drive each other	Drives Decision	Drives Process	Drives Decision	Drive each other	Drive each other	Drive each other	Drives Process	Drives Process	Drives Decision

Many Companies are Undertaking IT Governance Initiatives

- Audit Influence
  - ISACA/IT Governance Institute
  - Audit Issues
- Risk and Compliance
  - Regulatory Requirements
  - Legal Requirements
  - Security Requirements
- Investment Decision-making – PPM
  - IT-Business Alignment
  - IT Accountability to the Business
- Increased IT Governance Awareness
- Driven by the Board of Directors

ITG is Intended for the Board of Directors

Board's Ability to Govern IT

▸ To ensure IT is aligned with business strategy

▸ To ensure IT brings value to the business

▸ To ensure IT manages risk

▸ To ensure IT manages resources
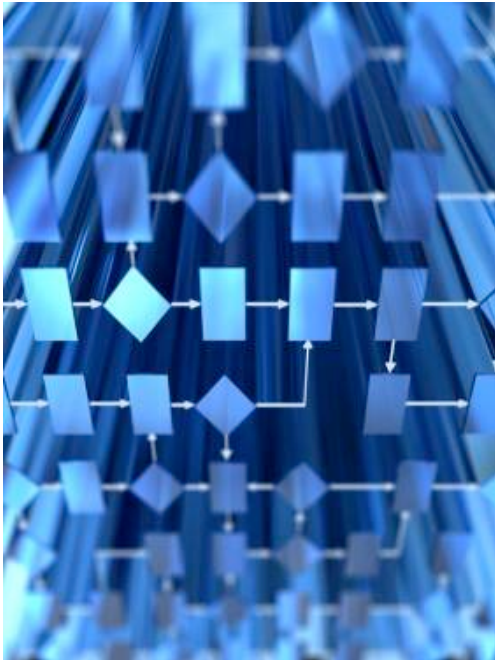
▸ To ensure It manages performance

Why IT Governance? To Enable IT to Support Business Strategy
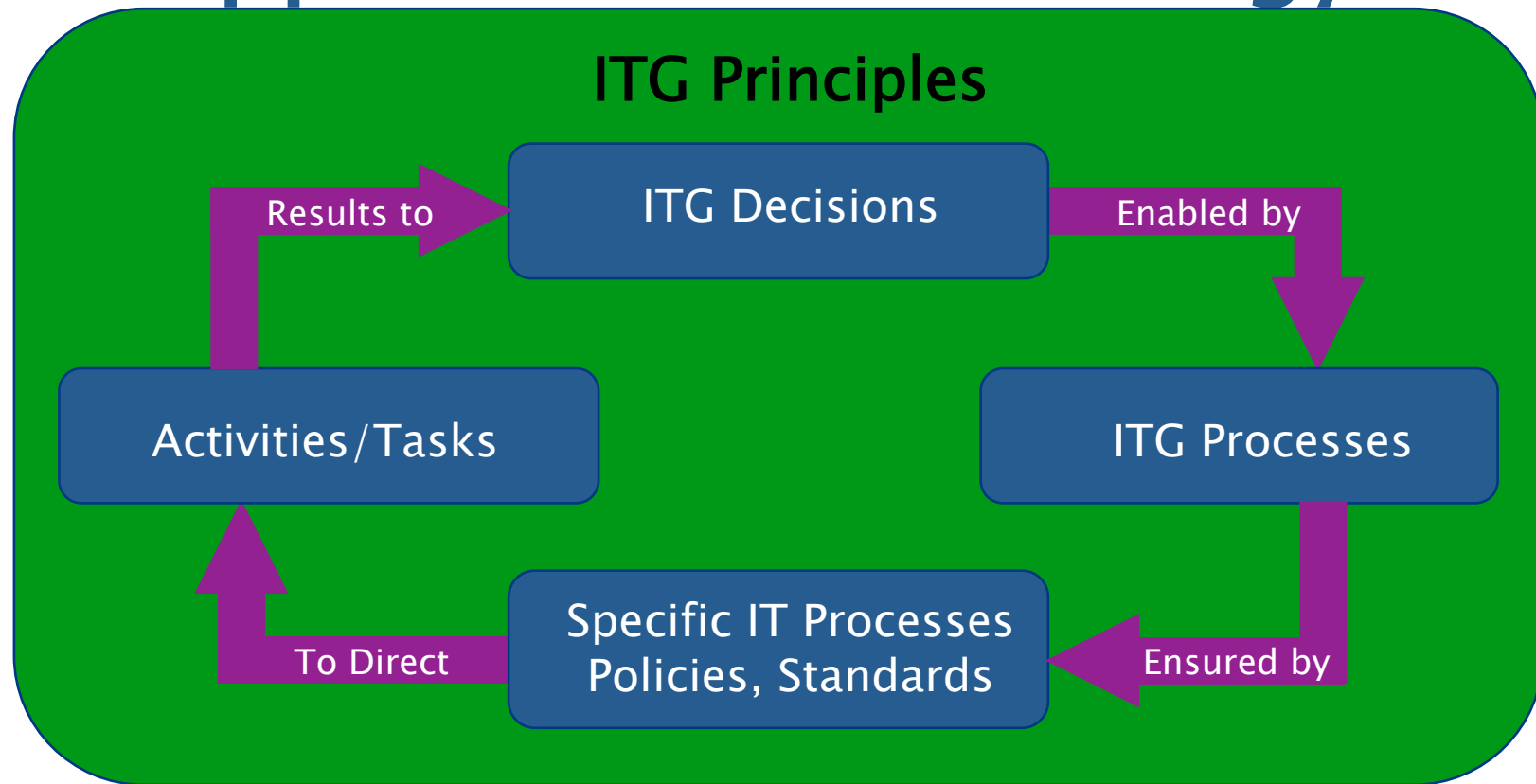
ITG Value Engine – Connection between business strategy and personnel action to realize the principles of IT Governance

IT Governance Processes Require Process Management

Changing from a Function-centric to a Process-centric Organization

▸ Process design
▸ Process implementation
▸ Process management lifecycle
▸ Process governance
▸ Institutionalize processes

Organizational Accountability

Examples of Decision-making Bodies

▸ IT Governance Committee
▸ IT Steering Committee
▸ IT Policies & Standards Committee
▸ IT Architecture Committee
▸ Business Leadership
▸ CFO, CIO, CTO, CISO
▸ Process Owners

IT Governance Principle Metrics

Strategic Alignment

▸ Show how IT supports the Enterprise Strategy
▸ Show how IT Operations are aligned with current Enterprise Operations

Value Delivery

▸ Show how IT delivers appropriate quality on -time and within budget
▸ Show how actual cost and ROI is managed

Risk Management
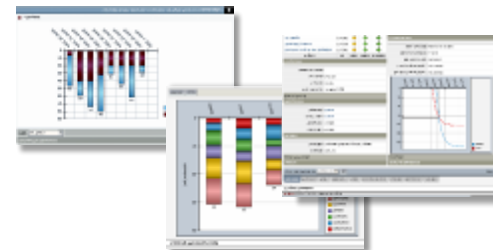
▸ Risk Controls
▸ Transferring risk
▸ Risk acceptance

Resource Management

▸ Show how IT optimizes the infrastructure
▸ Show how IT optimizes human resources

Performance Management

▸ Show how IT measures performance (balanced scorecard, KPIs, etc.)
▸ Use of automated systems providing performance data and information

Advice when Addressing IT Governance

▸ Absolutely requires Executive sponsorship and leadership – Vision and Enablement

▸ Absolutely requires Business participation – IT facilitates but the business must be a partner, if not the leader in the effort

▸ Business process initiative – This requires skills in process management, design, implementation – and organizational change

▸ Decisions require fact-based information – This requires a systematic approach to collect, integrate, analyze and provide meaningful data

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Benefits of Sustainable IT Governance

IT Functions as a Business Partner Enabling Competitive Advantage

- ▸ Executive leadership freed from day-to-day execution
- ▸ IT freed from proving value
- ▸ Focused on the future vision
- ▸ Exploring avenues to leverage IT for competitive advantage

Wrap-up

Q&A

Thank you

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