Beyond Mandates: Getting to “Sustainable” IT Governance Best Practices

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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?
An Executive View of IT Governance

Based on 2008 Survey of 255 Non-IT CEOs/Executives

- 50% Ranked ITG as “very important”
- 75% of businesses consider ITG to be an integral part of enterprise governance, but the overall maturity level is still relatively low
- Stronger ITG practices correlate positively with better IT outcome (ITG is more often found in organizations where IT is a significant contributor to business value)
Every Organization Addresses Five Key IT Governance Decisions

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IT Architecture Decisions

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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 (#1*)

> **Ensure IT manages risk** – addressing the safeguard of IT assets, disaster recovery and continuity of operations (#2*)

> **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

*According to the ITGI 2008 Survey of 255 Non-IT Executives
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
- 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 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**

75% Said IT is “failing”, especially on application delivery*

*According to the ITGI 2008 Survey of 255 Non-IT Executives
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
Emerging Technology Evaluation and Adoption

> Research and development

> Market side – not just supply side

> Linked to business strategy

> IT Management believes they provide the business with frequent info about new tech opportunities, but the biz side does not seem to receive the info*

*According to the ITGI 2008 Survey of 255 Non-IT Executives
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
> Provisioning of IT Services
> SDLC – CMMI – Testing – Q&A
> ITIL Service Lifecycle

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Service Strategy
- Demand Mgt.
- Service Portfolio Mgt.

Service Operation
- Event Mgt.
- Incident Mgt.
- Problem Mgt.
- Request Fulfilment

Service Design
- SLM
- Service Catalogue
- Capacity Mgt.

Continual Service Improvement
- Improve quality of service

Service Transition
- Change Mgt.
- Service Asset Mgt.
- Configuration Mgt.
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
Many Companies are Undertaking IT Governance Initiatives – What We Hear

> 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

> IT matters are discussed predominantly on an ad hoc basis at the board level*

*According to the ITGI 2008 Survey of 255 Non-IT Executives
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

**Risk Management**
- Risk Controls
- Transferring risk
- Risk acceptance

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

**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
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

> *IT’s contribution to efficiency is deemed more important than its innovative value*

*According to the ITGI 2008 Survey of 255 Non-IT Executives*
Wrap-up

Q&A
Thank you

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