
What's Driving Adoption of IT Governance?

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Agenda

- History and Definition
- IT Governance Value
- Adoption Drivers
- Program Components
- Implementation Considerations
- References

HISTORY and DEFINITION

Enterprise Governance History

- Enterprise governance began 50+ years ago
- Business scandals have had a major impact on enterprise governance
- Enterprise governance advances usually began as an attempt to restore public confidence
 - Modern enterprise governance stems from the 1992 UK “Cadbury” report
 - The most recent US “governance” incidents are; Enron, WorldCom, TYCO etc.

IT Governance History

- IT Governance became recognized as a subset of enterprise governance in the early 90's
 - Recently, Basel II, SOX, HITECH (HIPAA) legislation provided focus on the importance of IT Governance
- IT Governance models/program development began seriously in 2000's
 - International standards; UK, AUS, ISO
 - ISACA/ITGI are major influencers

IT Governance Definition

“IT Governance is the responsibility of the board of directors and executive management. It is an integral part of enterprise governance and consists of the leadership and organisational structures and processes that ensure the organizations IT sustains and extends the organisation’s strategies and objectives”

emphasis added

Board Briefing on IT Governance ©ISACA

Where IT Governance Fits

©ISACA/ITGI



IT Governance and “GRC”

- IT Governance focuses on:
 - *“evaluating stakeholder needs, conditions and options; setting direction through prioritisation and decision making; and monitoring performance, compliance and progress against agreed direction and objectives (EDM)”*
- **“GRC (Governance/Risk Management/ Compliance) largely focuses on:**
 - *“Management plans, builds, runs and monitors activities in alignment with the direction set by the governance body to achieve the enterprise objectives (PBRM)”*
- **“GRC” activities are typically a sub-set of IT Governance**

IT GOVERNANCE VALUE

IT Governance “Value” Overview

- Historically ‘value’ was responsive/reactive
 - Regulatory requirement, compliance order
 - “Reactive” approach is very limited in appeal
- “ROI” calculations have limited usefulness
 - Complexity, long term commitment
- Historically the “value” aspect was overlooked

Value Outcomes

- Cost optimization
 - Strategic/Tactical
 - Value driven performance and return metrics
- Business and Organizational efficiency
 - Strategy alignment
 - Program/project alignment
 - Executional improvements
- Risk management
 - Asset valuation/protections

Peter Weill weighs in

(Chairman, MIT Sloan Center for Information Systems Research)

- *“...Companies with effective IT Governance enjoy a 20% higher profitability than similar companies⁽¹⁾”*
- *“..senior management awareness of IT Governance processes proved to be the single best indicator of governance effectiveness with top performing firms having 60, 70 or 80% of senior executives aware of how IT is governed..”*
- *“...effective IT Governance doesn't happen by accident. Top performing enterprises carefully design governance.”*
- *“Taking the time at senior management levels to design, implement, and communicate IT Governance processes is worth the trouble—it pays off.”*

Weill, P. and Ross, J. *How Top Performers Manage IT Decision Rights for Superior Results*, Harvard Business School Press, 2004
IT Governance on One Page, Peter Weill Jeanne W. Ross, November 2004, MIT Sloan Center for Information Systems Research

ADOPTION DRIVERS

Increased IT Significance

- Value creation from IT is critical
- IT service levels **MUST** meet business needs
- IT and Business strategy **MUST** align
- Effective IT oversight enables business change
- IT is increasingly the critical component in regulatory/policy compliance

Global Status Report On The Governance Of Enterprise IT (GEIT)—2011 ©ISACA

IT Governance Adoption Drivers

- Avoiding negative incidents
- Managing costs
- Ensuring business/IT alignment
- Improving business agility/effectiveness
- Improving risk/reward balance
- Meeting new compliance requirements

Gartner Weighs In

'IT Governance needs to be designed and implemented as a cohesive, integrated process linked to the principles of corporate governance. CIOs need to understand how to accomplish this by using the resources available to them and by ensuring business involvement. '

IT Governance Must Be Driven by Corporate Governance Gartner, 2009, Short & Gerrard

PROGRAM COMPONENTS

IT Governance Components



COBIT 5 Introduction

IT Governance Elements

- Strategic Alignment
- Risk Management
- Value Delivery
- Resource Optimization
- Performance Measurement

IT Governance Program Characteristics

- IT Governance Framework(s)
 - Functions specific frameworks are used where required
- Program and Portfolio Management practices are in place
 - Ongoing and active business leadership involvement
- IT Policies, Practices and Standards exist and are widely known
- IT Processes are defined and managed
- IT Performance is Monitored and Measured
- Organizational Structures are documented
 - Clear roles, responsibilities and skill requirements
 - Required skills are documented

IT Governance Influences

- Culture of the organization
 - Board engagement, Sr. Management awareness
- Regulatory environment
 - Specific performance requirements
- Business strategy dependency on IT
 - Increasing demand for return on IT investment
 - Increased requirement for business agility
- Industry/market standards
 - Shifts driven by ‘transformational’ technology

IMPLEMENTATION CONSIDERATIONS

A Word of Caution

“It ought to be remembered that there is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success, than to take the lead in the introduction of a new order of things. Because the innovator has for enemies all those who have done well under the old conditions, and lukewarm defenders in those who may do well under the new.”

The Prince – Niccolò Machiavelli

One Size Does Not Fit All

- Understand the environment
 - Existing governance attributes
 - Culture and appetite for change
 - Leadership engagement/awareness
 - Skills and resources
- Define the scope of an IT Governance program
 - Critical elements, key external drivers
- Build the business case

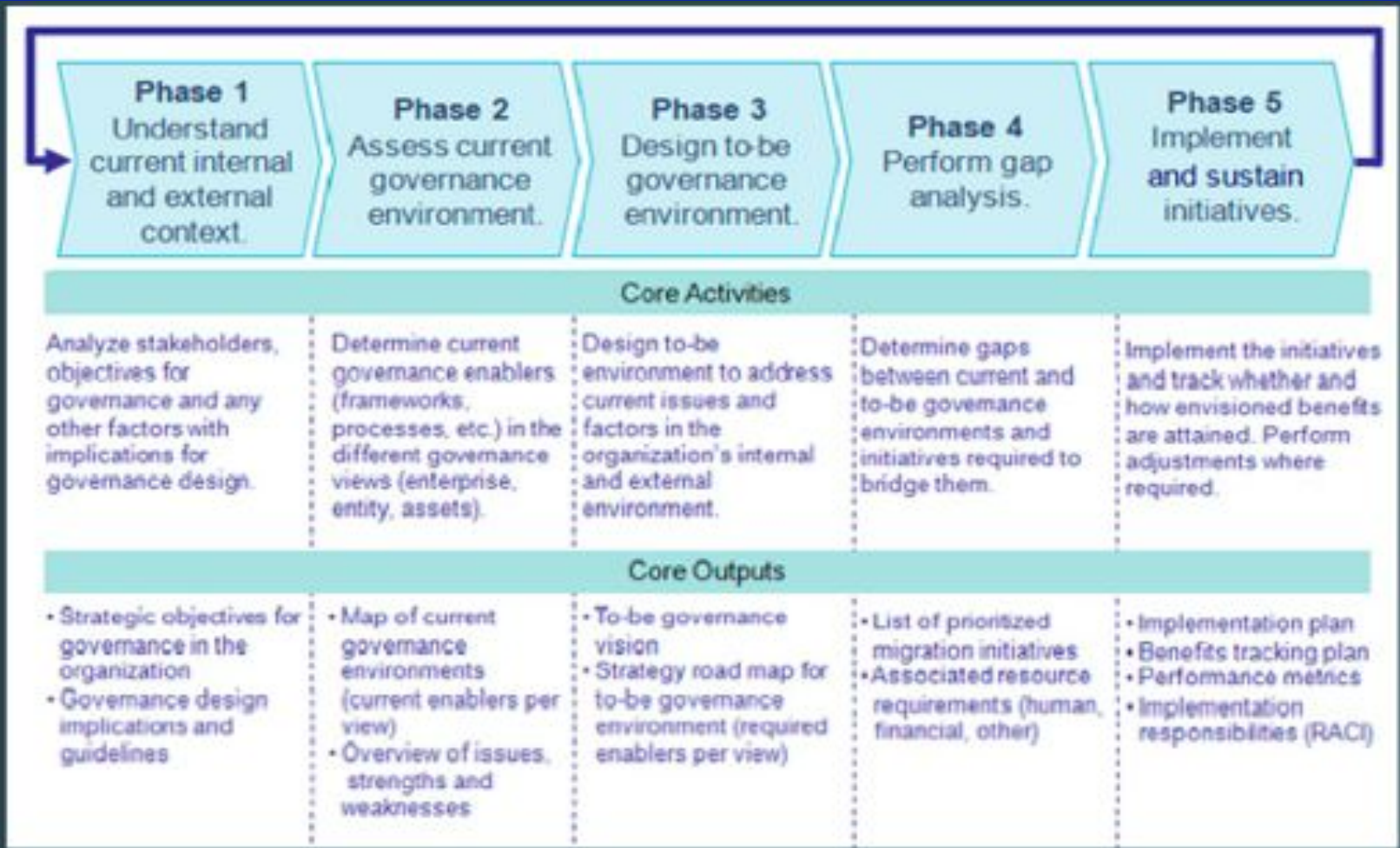
What Questions to Ask

IT Principles	<p>How do the business principles translate to IT principles to guide IT decisions making?</p> <p>What is the role of IT in the business?</p> <p>What are IT desirable behaviors?</p> <p>How will IT be funded?</p>
IT Architecture	<p>What are the core business processes of the enterprise? How are they related?</p> <p>What information drives these core processes? How must this data be integrated?</p> <p>What technical capabilities should be standardized enterprise-wide to support IT efficiencies and facilitate process standardization and integration?</p> <p>What activities must be standardized enterprise-wide to support data integration?</p> <p>What technology choices will guide the enterprise's approach to IT initiatives?</p>
IT Infrastructure	<p>What infrastructure services are most critical to achieving the enterprise's strategic objectives?</p> <p>What infrastructure services should be implemented enterprise-wide and what are the service-level requirements of those services?</p> <p>How should infrastructure services be priced?</p> <p>What is the plan for keeping underlying technologies up-to-date?</p> <p>What infrastructure services should be outsourced?</p>
Business Application Needs	<p>What are the market and business process opportunities for new business applications?</p> <p>How are strategic experiments designed to assess success?</p> <p>How can business needs be addressed within architectural standards? When does a business need justify an exception to standard?</p> <p>Who will own the outcomes of each project and institute organizational changes to ensure the value?</p>
IT Investment and Prioritization	<p>What process changes or enhancements are strategically most important to the enterprise?</p> <p>What is the distribution in the current IT portfolio? Is this portfolio consistent with the enterprise's strategic objectives?</p> <p>What is the relative importance of enterprise-wide versus business unit investments? Do actual investment practices reflect their relative importance?</p> <p>What is the right balance between top down and bottom projects to balance standardization and innovation?</p>

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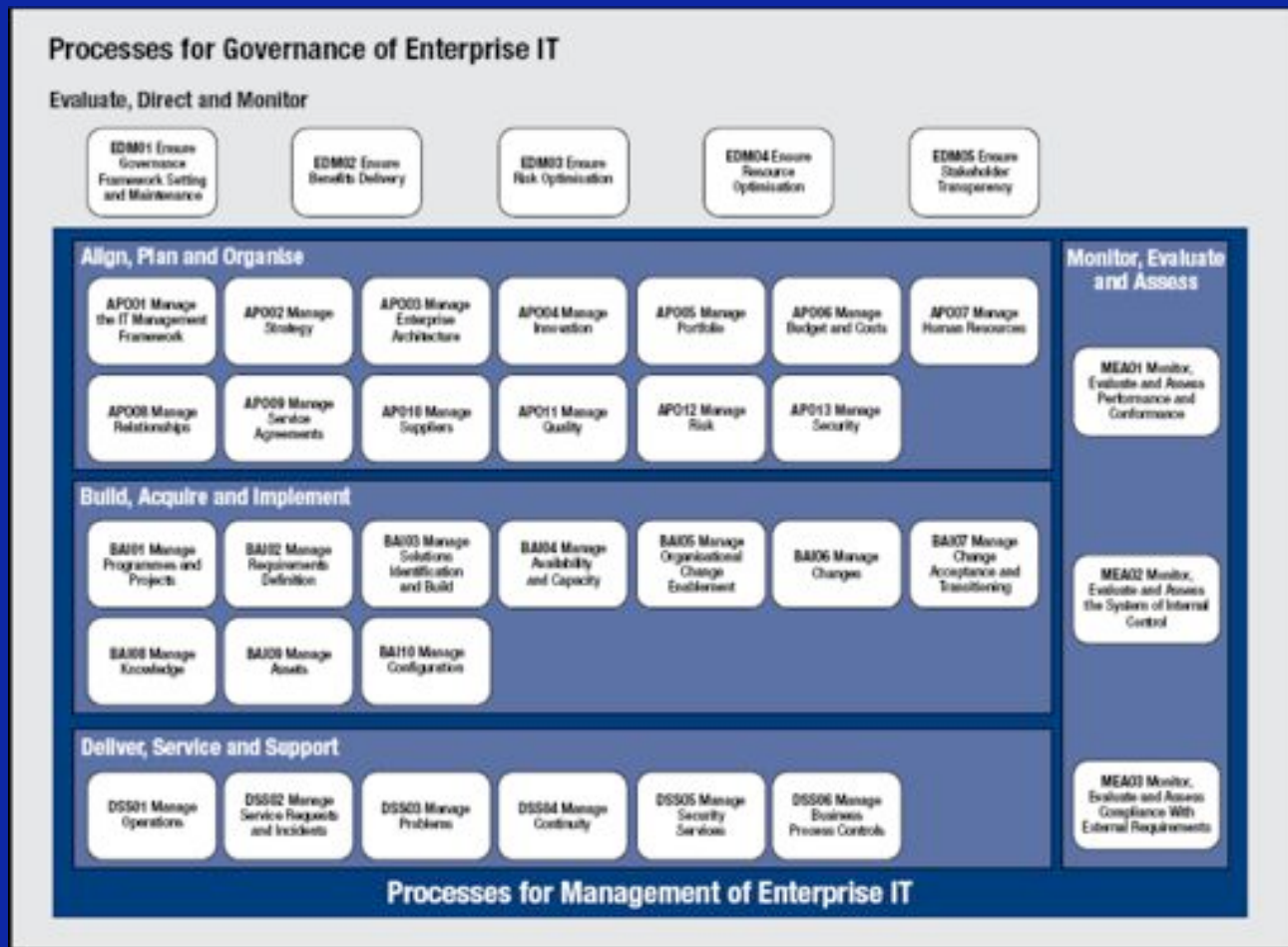
IT Governance on One Page, Peter Weill Jeanne W. Ross, November 2004

Implementation Guide



www.takinggovernanceforward.org © ISACA/ITGI

COBIT 5 Implementation Guide



Business Case Approach

- Business cases are a common business tool
 - Narrative description incorporating financials, organizational, and technical elements
- Current thinking leans towards targeted value
 - Protection/stewardship of IT assets
 - Optimization of IT asset investment
 - Leveraging/accelerating business strategy
- ISACA's Business Case model provides a guideline for business case development

Planning Tactics

- Sell and refine the business case upwards
- Identify tools and resources
 - Frameworks
 - Consultants/automation tools
 - Benchmarking and Best Practices
- Organization
 - Leadership from the top and supporting structure
- Establish a phased approach with deliverables

Ongoing Challenges

- Lack of senior management support
- Limited appetite for organizational change
- Maintaining continuous communication
- Maintain the momentum
- Difficult to demonstrate value
- Too much, too fast

REFERENCES

On Your Bookshelf

- Certified in the Governance of Enterprise IT; CGEIT Review Manual (www.isaca.org)
- IT Governance, How Top Performers Manage IT Decision Rights for Superior Results; Peter Weill, Jeanne W. Ross, ISBN 1-59139-253-5
- Implementing IT Governance; Dr. Gad J Selig PMP COP, ISBN 978-90-8753-119-5

IT Governance Frameworks

- COBIT 5
- ISO 38500
- ITIL or ISO 20000
- ISO 17799, ISO 27000
- Six Sigma
- PMI/PMBOK or PRINCE2
- CMM or CMMI
- BMIS (Business Model for Information Security) ISACA
- VAL IT (ISACA)
- TOGAF
- COSO

IT Governance References

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Questions?

Thank You

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