

IT Governance

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Outlines

- Background
- Overviews
- Benefits of IT Governance
- Definitions
- IT Governance vs IT management/IT controls
- Implementation and Frameworks

Background

The connection between strategic objectives and IT management of an organization.

A derivative of corporate governance

1993

The importance of business control and auditing.

The US Sarbanes-Oxley Act

2000

A series of Australian Standards for Corporate Governance

2003

AS8015 Corporate Governance of ICT

2005

- Standards for corporate governance:
- Good Governance Principles (AS8000)
 - Fraud and Corruption Control (AS8001)
 - Organisational Codes of Conduct (AS8002)
 - Corporate Social Responsibility (AS8003)
 - Whistle Blower protection programs (AS8004)

ISO 38500

2008

The discipline of Information Technology Governance



Overviews

Business Challenges



Governance is the set of organizational regulations and standards exercised by management to provide strategic direction and ensure that objectives are achieved, risks are managed appropriately, and resources are used responsibly.



Overviews



Good Governance is...

- Consensus Oriented
- Participatory
- following the Rule of Law
- Effective and Efficient
- Accountable
- Transparent
- Responsive
- Equitable and Inclusive



Overviews

Technological Advances



Planning complex **IT projects** involves an array of **political, organizational, legal, technical, cultural, and personnel issues** best dealt with by a team charged with the **responsibility for the successful outcome** of those projects.

Overviews

Business Challenges



Technological Advances



but... Why do you need governance for IT to put the pieces together?

Overviews

- Are often unable to select the most promising projects
- Do not discover serious problems until it's too late
- Cannot determine if key enterprise resources are being used appropriately
- Cannot evaluate whether a project was successful

Decision-making and Accountability

Steering committees

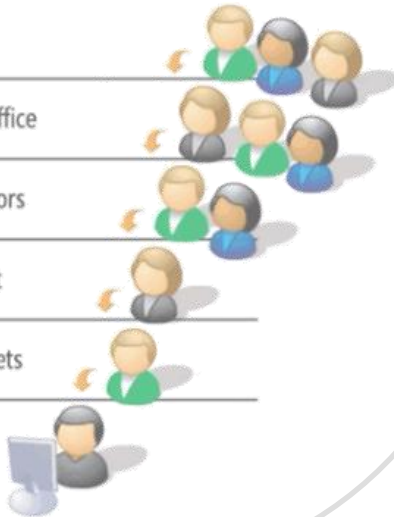
Management office

Business sponsors

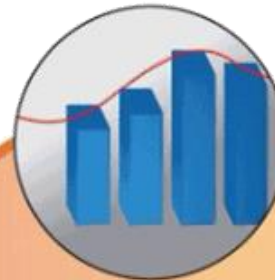
IT management

Maintained assets

Project assets



Performance Measurement



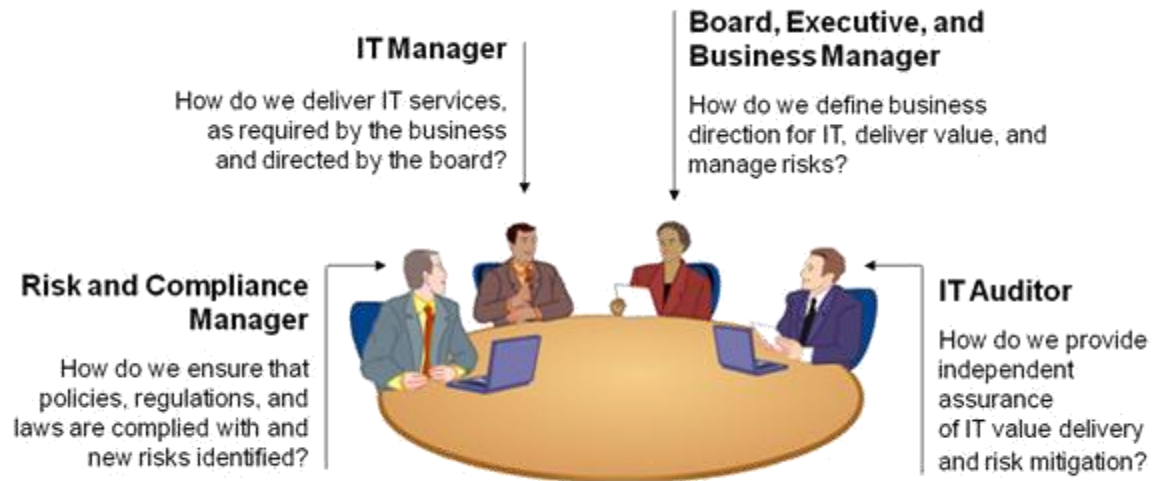
Accountability



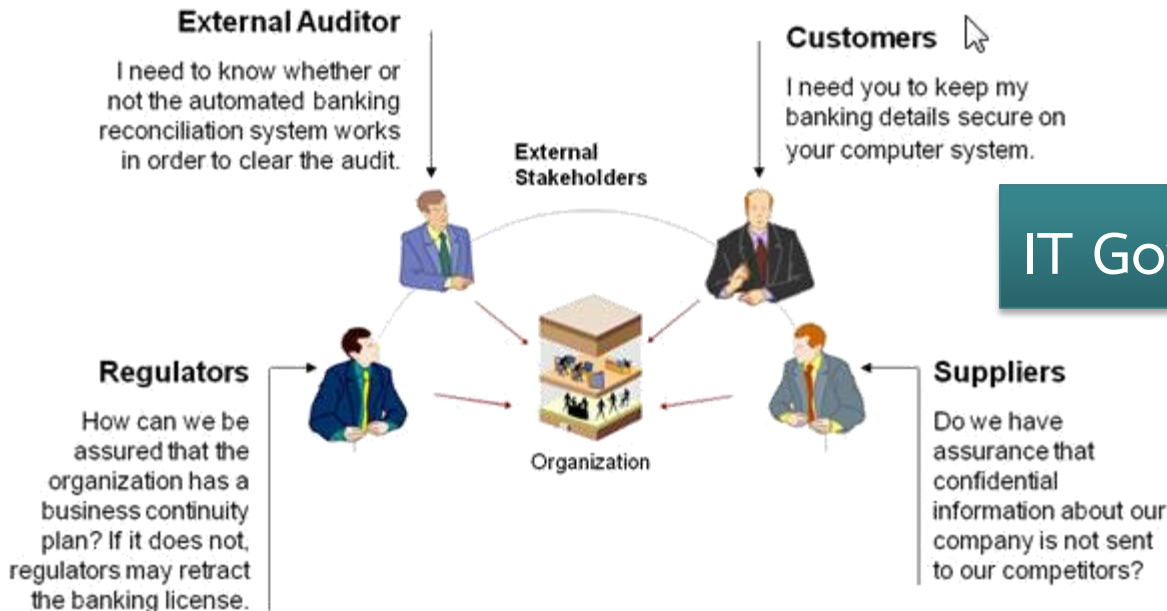
Organization

Here are some background/justification points on why a company needs IT Governance.

Overviews



Internal Stakeholders and Their Concerns



External Stakeholders and Their Concerns



Overviews

- Then... governance structure ensures that the voices of stakeholders are heard, formalizes quality decision-making, and is the vehicle through which complex IT projects are effectively implemented.

Benefits of IT Governance

- Fine! but **what are the benefits?**



well...



Benefits of IT Governance



IT gets **aligned** with the **business**

Benefits of IT Governance



You have **better control** over **risks**



Benefits of IT Governance



You **reduce** your delivery **time**



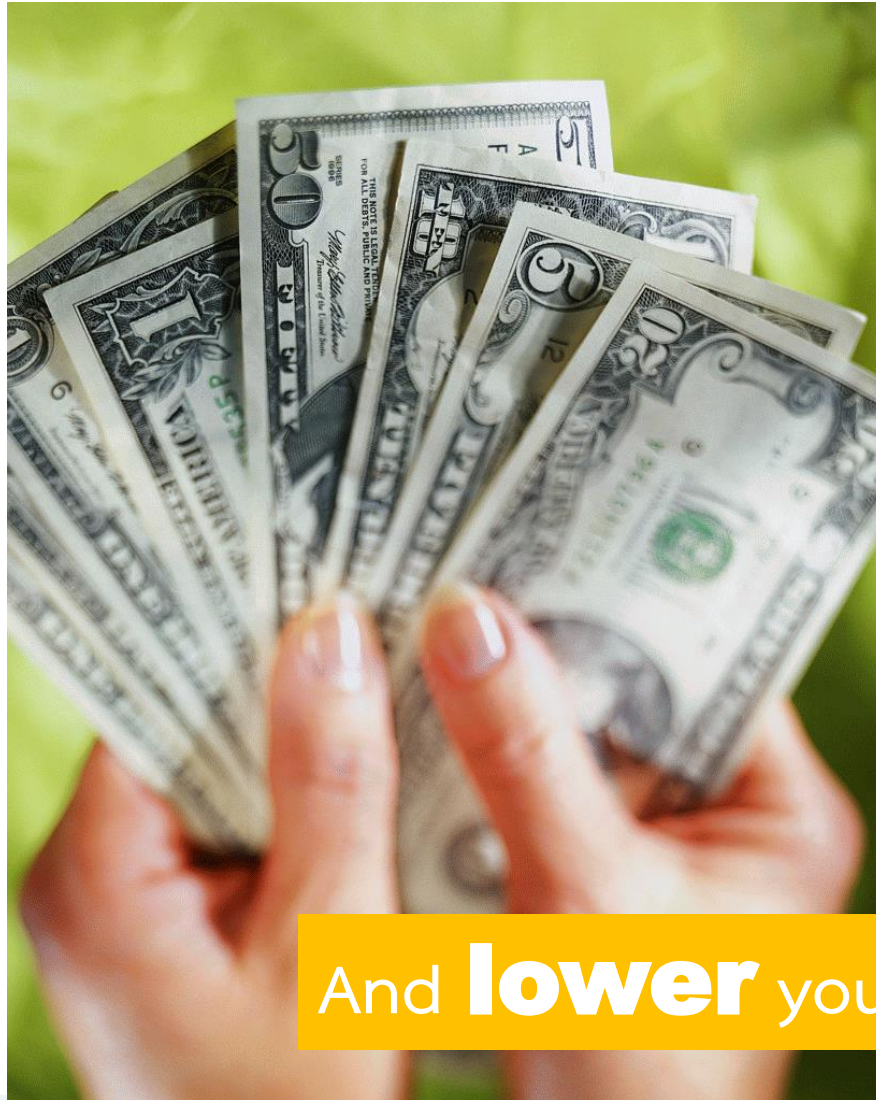
Benefits of IT Governance



Provide **better** service **quality**



Benefits of IT Governance



And **lower** your \$ervice **costs**

Benefits of IT Governance



Resulting in... **increased** stakeholder **value**



Lynn Lawton

CISA, FCA, FIIA,
PIIA, FBCS CITP,
International President of ITGI

“The **bottom line** is that many organizations worldwide are **needlessly sacrificing** money, productivity and competitive advantage by **not implementing effective IT governance**”



Definitions

- *“Specifying the decision rights and accountability framework to encourage desirable behaviour in the use of IT.”* – **Weill and Ross**
- *“An integral part of corporate governance and addresses the definition and implementation of processes, structures and relational mechanisms in the organization that enable both business and IT people to execute their responsibilities in support of business/IT alignment and the creation of business value from IT enabled investments.”* – **Van Grembergen and De Haes**
- *“The system by which the current and future use of ICT is directed and controlled. It involves evaluating and directing the plans for the use of ICT to support the organization and monitoring this use to achieve plans. It includes the strategy and policies for using ICT within an organization.”* – **AS8015, the Australian Standard for Corporate Governance of ICT**



IT Governance vs IT management/IT controls

- **IT management** – good management practices. It is the discipline whereby all of the technology resources of the firm are managed in accord with the company's needs and priorities.
- **IT controls** – IT control frameworks. IT controls are specific activities performed by persons or systems designed to ensure that business objectives are met.
- **IT Governance*** – the **management system** used by **directors**. It is about the **stewardship** of **IT resources** on behalf of the **stakeholders** who expect a return from their investment.

*ISO 38500: The ISO/IEC 38500 Corporate governance of information technology standard

Implementation

- How do we implement governance?



An organization should select the **governance arrangement** that best supports its **business strategy** while being compatible with its **culture**. No matter what IT governance mechanism is used, it must **facilitate** decision-making, ensure **alignment** between technology and business goals, and **communicate** governance principles and decisions

(Ross & Weill, 2004)



Frameworks

Then, **how to?**

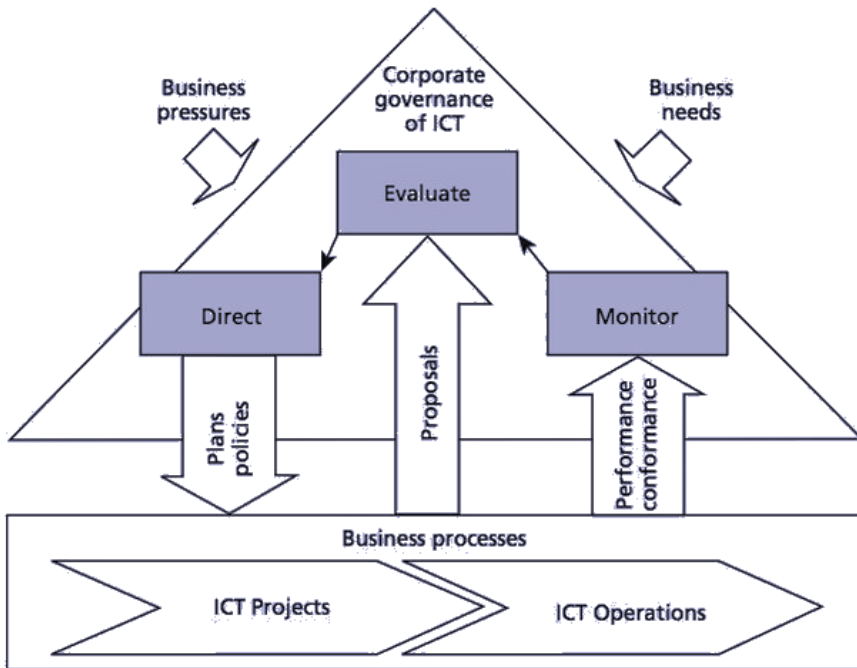
utilize the knowledge
of internationally
acclaimed best practice
frameworks



Frameworks

ISO/IEC 38500:2008, Corporate Governance of Information Technology

*Developed by the joint technical committee ISO/IEC JTC1, Information technology,
and subcommittee SC 7, Software and systems engineering*



“ISO/IEC 38500 will help the governing body to **evaluate, direct and monitor** the use of IT. It will assist directors in assuming conformance with obligations – regularly, legislation, common law, contractual – concerning the acceptable use of IT and to have a proper corporate governance of IT.

François Coallier

Chair of the ISO subcommittee

Frameworks

Control Objectives for IT (COBIT)

Created by Information Systems Audit and Control Association (ISACA)



“CobiT has a focus on the delivery of business objectives. It provides metrics and maturity models to measure achievement and identifies the associated responsibilities of business and IT process owners.”

Howard Nicholson

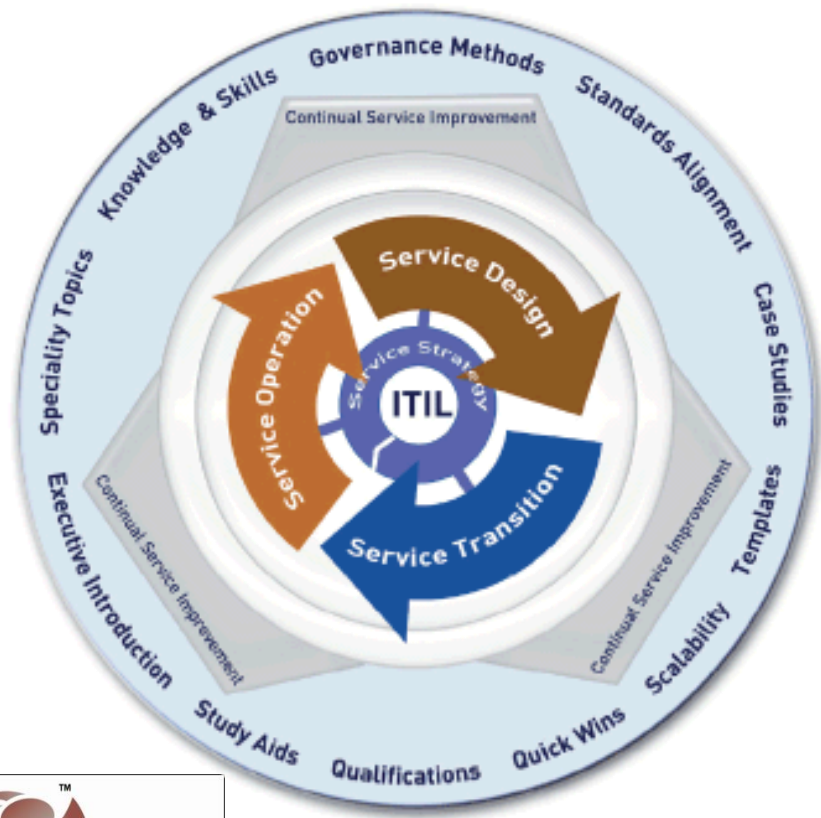
International Vice President

Information Systems Audit and Control Association (ISACA)

Frameworks

Information Technology Infrastructure Library (ITIL)

Developed by OGC (Department of UK Govt)



“There are a lot of things that the business does that IT just doesn't know about, ITIL allows us to align ourselves with the business instead of just making them angry when something they need isn't available.”

Christine Rose, Director of Global IT at Finisar, a computer hardware manufacturer that adopted ITIL in 2002.



Q&A

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