

IT Governance

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Agenda – Purpose of Presentation

- Define IT Governance
- Identify the Components of an Effective IT Governance Structure
- Describe Drivers for IT Governance and Organization
- Describe Challenges in IT Governance and Organization
- Identify the COBIT Framework



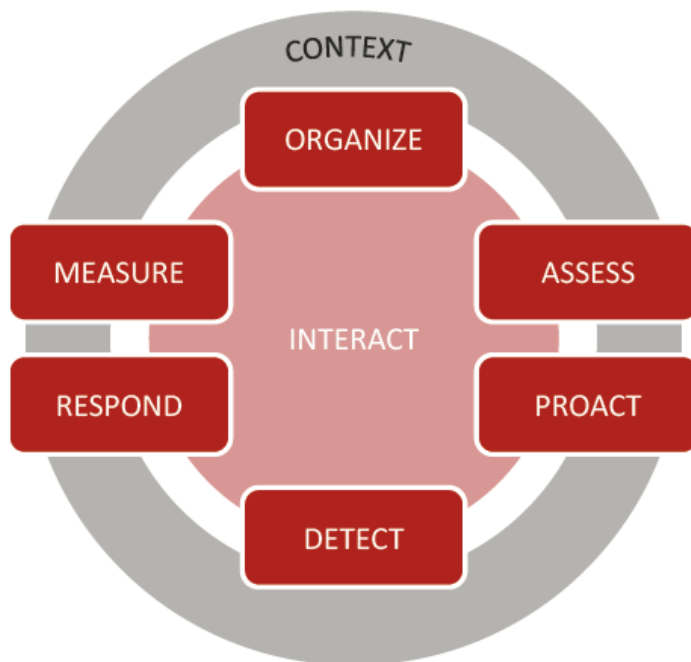
Definition

- [Governance] The combination of processes and structures implemented by the board to inform, direct, manage, and monitor the activities of the organization toward the achievement of its objectives.
- [IT Governance] Consists of the leadership, organizational structures and processes that ensure that the enterprise's information technology sustains and extends the organization's strategies and objectives.
- [IT Controls] Controls that support business management and governance as well as provide general and technical controls over information technology infrastructures such as applications, information, infrastructure, and people.

Components

Organizations and their executives strive to:

8 INTEGRATED COMPONENTS

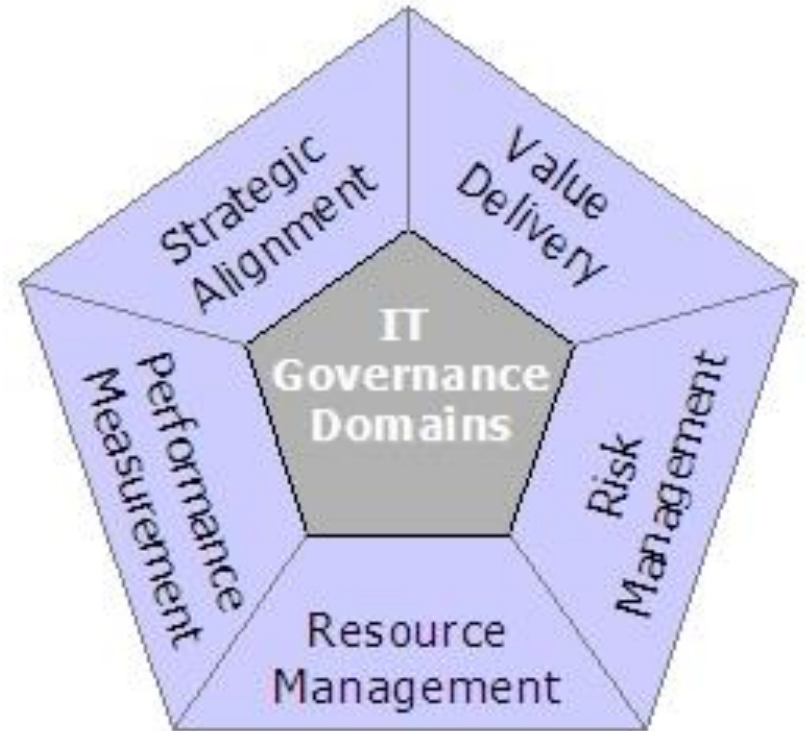


8 UNIVERSAL OUTCOMES

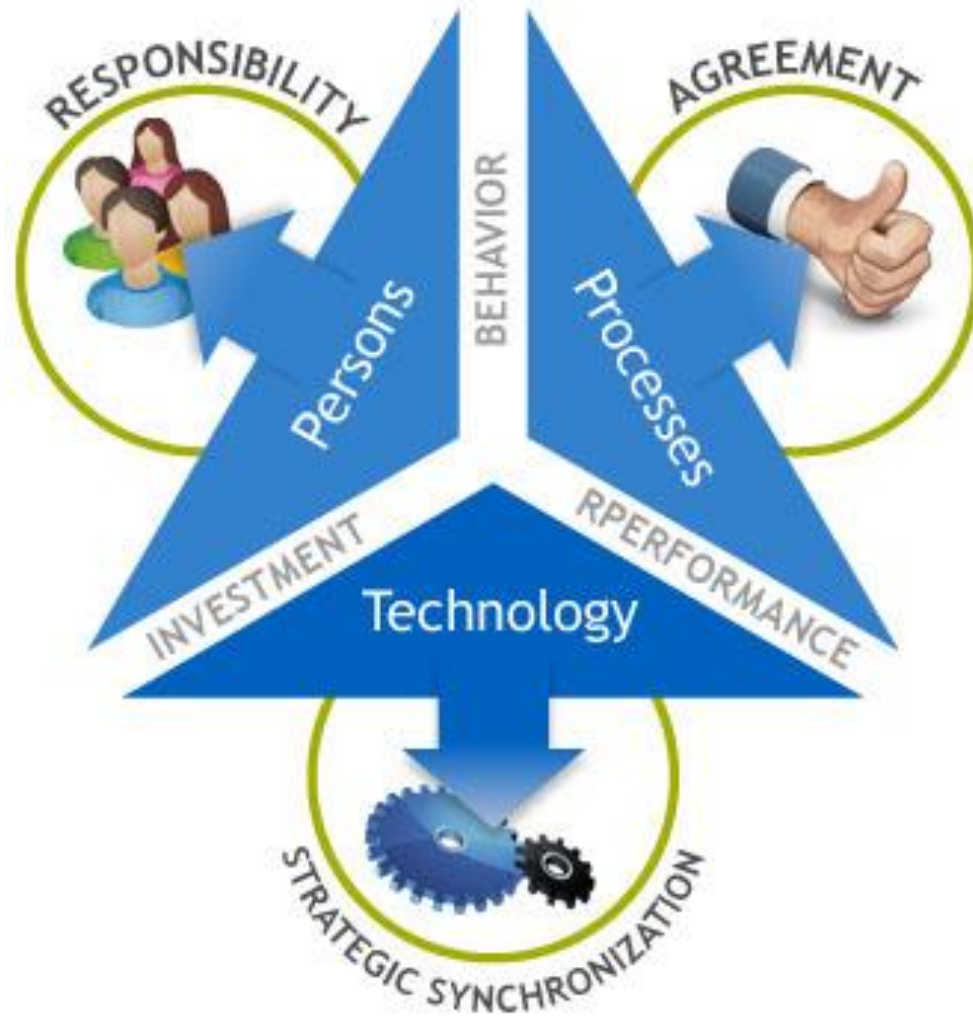
-  **Achieve Business Objectives**
-  **Enhance Organizational Culture**
-  **Increase Stakeholder Confidence**
-  **Prepare & Protect the Organization**
-  **Prevent, Detect & Reduce Adversity**
-  **Motivate & Inspire Desired Conduct**
-  **Improve Responsiveness & Efficiency**
-  **Optimize Economic & Social Value**

Drivers

- **Strategic Alignment** – linkage of business and IT Plans
- **Value Delivery** – Executing value through delivery cycle
- **Risk Management** – Risk awareness of enterprise's risk appetite
- **Resource Management** – Optimal investment in IT resources
- **Performance Management** – Tracks and monitors implementation, project completion, usage, performance, etc.



Drivers



Challenges

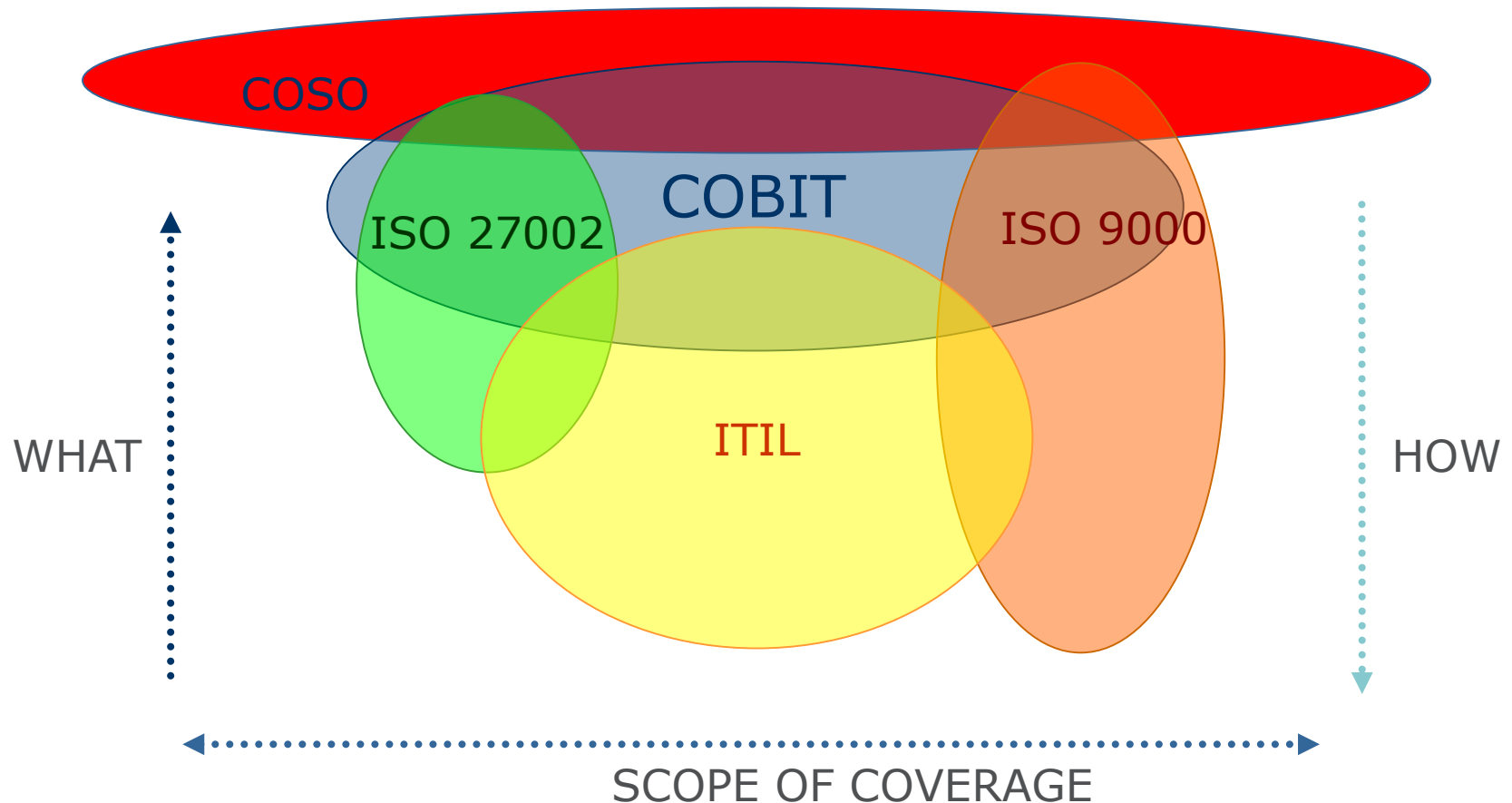
Enterprise's challenges and concerns are:

- Aligning IT strategy with the business strategy
- Cascading strategy and goals down into the enterprise
- Providing organizational structures that facilitate the implementation of strategy and goals
- Insisting that an IT control framework be adopted and implemented
- Measuring IT's performance

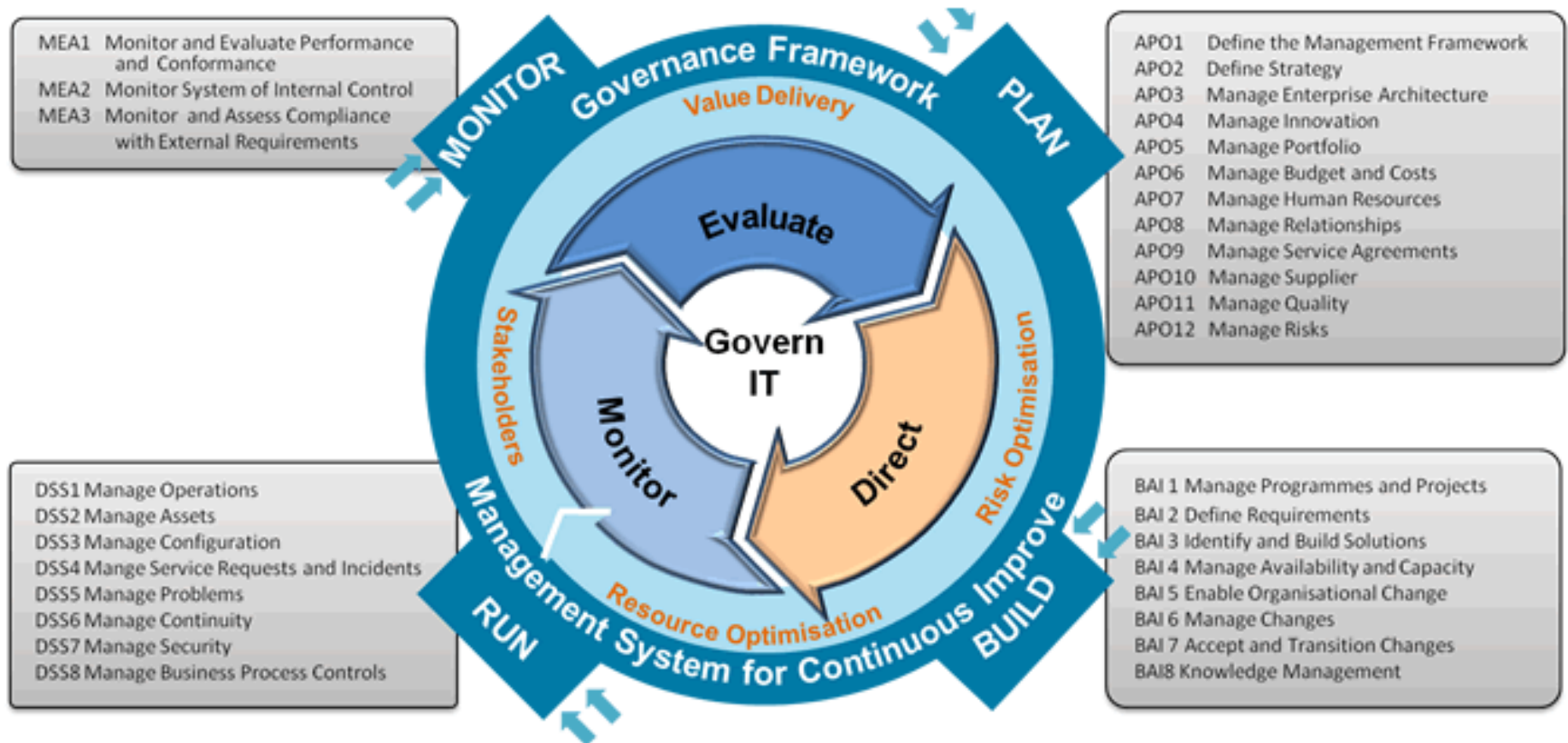


COBIT & Other Frameworks

Organisations will consider and use a variety of IT models, standards and best practices. These must be understood in order to consider how they can be used together, with COBIT acting as the consolidator ('umbrella').

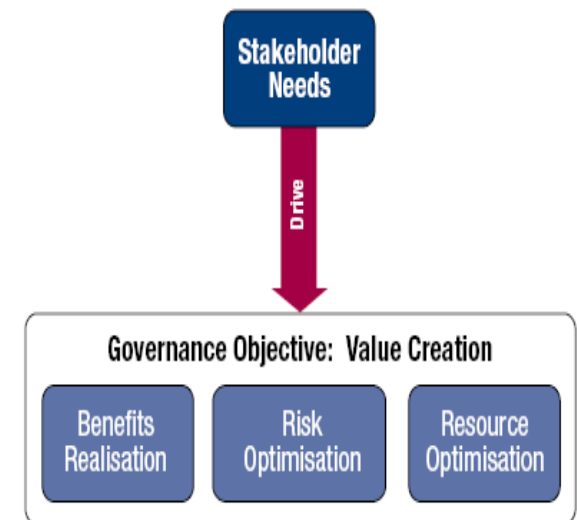


COBIT Framework



Need for a Framework

- Senior management needs to know if information is being managed by the organization
- Successful organization understand the risks and exploit the benefits of IT
- Adopting and implementing a governance and control framework for IT allows an organization to meet various business objectives
- Satisfies the specific needs of internal/external stakeholders
- Effective management of information, information systems, and communications is critical to success of the organization



Business Drivers

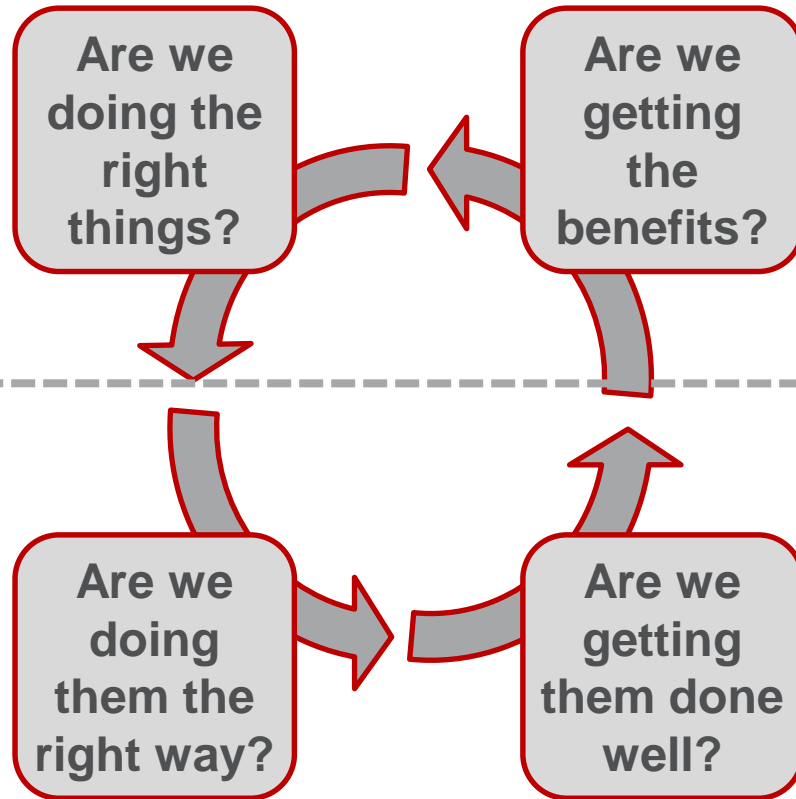
- Demand for better returns on IT investments due to increasing level of IT expenditures
- Optimize costs through standardized approaches
- Regulatory requirements for IT controls (Sarbanes-Oxley Act)
- Selection of service providers and management for servicing outsourcing and acquisition
- Increasingly complex IT related risks
- Assess how organizations are performing against generally accepted standards and peers

COBIT and VAL IT

The strategic question

The value question.

VAL IT
COBIT



The architecture question

The delivery question

IT Governance and Organization Has Many Inputs

- Consider IT Governance from multiple perspectives
 - Corporate
 - Customer
 - Operational Excellence
 - Future / Sustainability

- Consider IT Organization in terms of:
 - Most effective alignment of IT and business
 - Setting stage for consistent measurement of IT strategy impact
 - Provides for balanced view of the value IT adds to the business
 - Balance of cost and value of IT investment in business terms

IT Governance – Operational View

Objective	Example Metrics
Business/ IT Alignment	Operational budget approval
Value Delivery	Business Unit Performance
Cost Management	Attainment of expense and recovery targets
Risk Management	Results of Internal Audits
Intercompany Synergy	Single System Solutions

IT Governance – Corporate View

Objective	Example Metrics
Development Process	Function Point Measures
Operational process	Change Management effectiveness
Process Maturity	Level of IT Processes
Enterprise Architecture	State of the infrastructure assessment

Questions for the Board

- Does the strategic planning process involve the CIO and other senior members of IT?
- How many significant projects currently impacting the organization involve major changes to IT?
- Have IT projects failed to deliver promises in the past, including on time and on budget?
- Would you describe the IT organization as reactive or proactive (i.e. enabling business improvements)?
- Are IT related issues on the agenda, and are they addressed by the CIO or IT senior representative?
- Are IT related risk communicated to the board, along the business impact?
- Does the board obtain independent assurance that IT risks are being effectively managed?
- How well are corporate strategies and IT objectives aligned?

How Much and What

