ICT Governance

OECD Informal ICT Management Workshop
20-21 October, 2004

Lester Rodrigues, Head of Corporate Systems & Services Division, EXD/ITN, OECD
Governance - Definition

- *Cambridge/Webster Dictionary*: not found

- *The American Heritage® Dictionary*: The act, process, or power of governing

- *WordNet Dictionary Definition*: the act of governing; exercising authority; the persons (or committees or departments, etc.) who make up a body for the purpose of administering something
The Beleaguered CIO!

- Business Alignment
- Vision
- Strategy
- Efficiency
- Security
- Value
- Communicate
- OSS vs MS
- 24 by 7
- Operations
- Centralise/Decentralise
- Staff skill sets
- Migrate now?
- Which ERP?
- Offshore
- Rightsize
- Outsource/insource
- Projects
- Blackberry/PDA
- Home Computing
- Support
- Productivity
- Spam
The IT Governance team!

"OK, all those in favour of delegating decision-making, shrug your shoulders"
Who is responsible for IT Governance?

“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 organizational structures and processes that ensure that the organization’s IT sustains and extends the organization’s strategies and objectives.”

IT Governance Institute
Give Soft Relationships A Harder Structure Through Joint Governance

**Strategic Governance**
- Executive Committee
- Strategic Agenda
- Bus. Steering Committee
- IT Steering Committee
- E-Business Steering Committee
- Outsourcing Partner
- Business Representatives
- IT Executive Management
- IT Operational Management

**Operational Governance**
- Business Users
- Ongoing Value Delivery
- Business/IT Management
- IT Operations Management
- Outsource Account Team
- IT Managers
- Customer Input
- Performance Tracking
- Opportunity Tracking

**BUSINESS IMPACT**
Good governance is not just a structure for making decisions; it is an active process for creating alignment. It is not all formal enforcement; it is mainly informal and enabling.

Sample Measures
- Revenue growth
- Return on assets
- Revenue per employee
- Time to market
- Sales
- Product or service quality
- Implementation time: new application
- Implementation cost: new application
- Infrastructure availability
- Cost per transaction
- Cost per workstation

Business Value Delivered
- Business Value
- Business Unit Operational
- New IT Application
- IT Infrastructure
- Time for Business Impact
- Degree of Influence

Business Value

Good governance:
- It is not just a structure for making decisions; it is an active process for creating alignment.
- It is not all formal enforcement; it is mainly informal and enabling.

Weill, Peter; Marianne Broadbent; Leveraging the New Infrastructure: How Market Leaders Capitalize on Information Technology, Harvard Business School
Poor Governance Leads To Poor Performance – Outsourcing Makes It Worse

Standard Outsourcing Governance

- IT and business isolated from each other
- Outsourcing provider kept on the outside
- Accountability not clear
- Poor communications
- No mechanisms for collaboration and innovation
- Lack of leadership and stakeholder buy-in
**“The politics are hell!” – Chemicals Group CIO**

<table>
<thead>
<tr>
<th>At worst …</th>
<th>• The business ignores the dilemmas and IT is torn between conflicting requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commonly…</td>
<td>• IT is used as a ‘Trojan horse’ for the standardization of business practices</td>
</tr>
<tr>
<td>At best …</td>
<td>• IT is asked to resolve conflicts that the business is unable to sort out for itself</td>
</tr>
<tr>
<td>And by the way…</td>
<td>• IT probably has its own version of the global/local dilemma inside its organization</td>
</tr>
</tbody>
</table>
Welcome to the Governance team!
The Four Dimensions Of IT Governance

- How does Governance ensure that IT delivers business value? How do you align with business strategy?
- If Orgs value proposition is built on IT, are the risks associated with IT the same as risks to the business? – security, privacy, identity theft...
- Does IT governance hold IT management accountable for the return on investment in IT?
- Do IT value metrics help enforce IT alignment with business? Do operational excellence metrics help manage risks?
More Discussion Points

• What Governance Structure do you have in your Organisation? Does it make a difference?

• We appear to do a good job at operational governance but what about at the business strategic level?

• Should the CIO be sitting at the table with senior managers?

• Given the many challenges facing the CIO, is anarchy a choice?

• How do you measure the value of IT? Do IT metrics have the credibility?

• Are ICT managers really in control of their organisation or does the industry