

# IT Transformation Services: IT Governance Overview



# Overview Topics

- What is IT Governance?
- What benefits does it provide?
- What does it consist of?
- What comprises the IT Governance Offering?
- What about Best Practices and Industry Standards?
- IT Governance Maturity Assessment

What is IT Governance?

## IT Governance as a company, defines it . . .

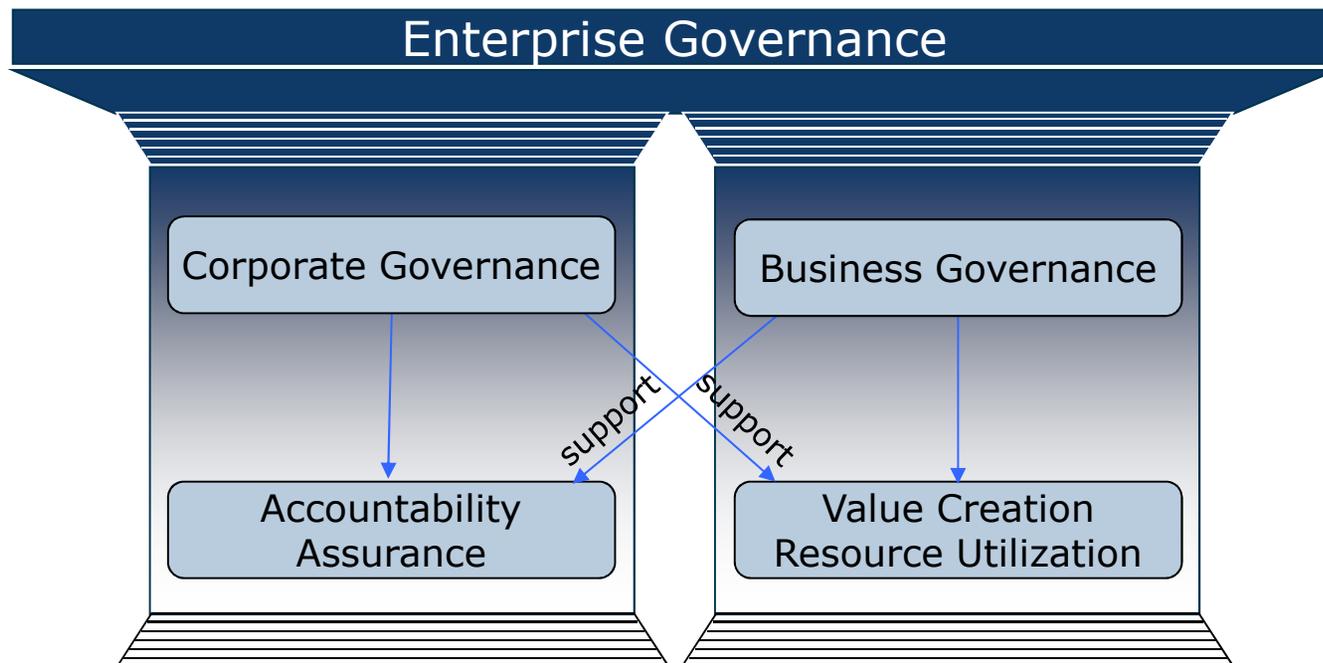
“IT Governance is those aspects of Corporate Governance by which IT is directed and controlled.”

“IT Governance is the set of structures, processes, and procedures by which an organization ensures that its investments or expenditures in both capital and human resources are aligned to the needs of the business so that maximum value is provided to the enterprise at acceptable risk.”



# Enterprise Governance

- Enterprise Governance includes two aspects\*
  - Corporate Governance (Conformance), focused across entire corporation
  - Business Governance (Performance), focused on core business



*IT Governance is an integral part of Corporate Governance.*

In a broader sense, IT Governance relates to . . .

- Project and Portfolio Management
- Applications Portfolio Management
- Asset Utilization
- Program/Project Management
- Architecture Standards and Governance
- Technology Standards Governance
- Data Governance
- Contractor or Vendor Management



What benefits does IT  
Governance provide?

# Current Market Requires Close Alignment Between the Business and IT

99% of CEOs think technology is  
integral to the success of their  
company, but.....

Only 43% of CEOs believe their  
companies align technology to  
business outcomes

## Lack end-to-end solution and vision

Solutions don't address challenges in  
growing business needs and  
managing applications from begin to  
end

Result: business risks, loss of  
business opportunities, and higher  
maintenance costs

## One size does not fit all scenarios

Single approach or technology  
solution does not always yield the  
best results for all business needs

Result: overly complex and inefficient  
implementations, high development  
and re-engineering costs

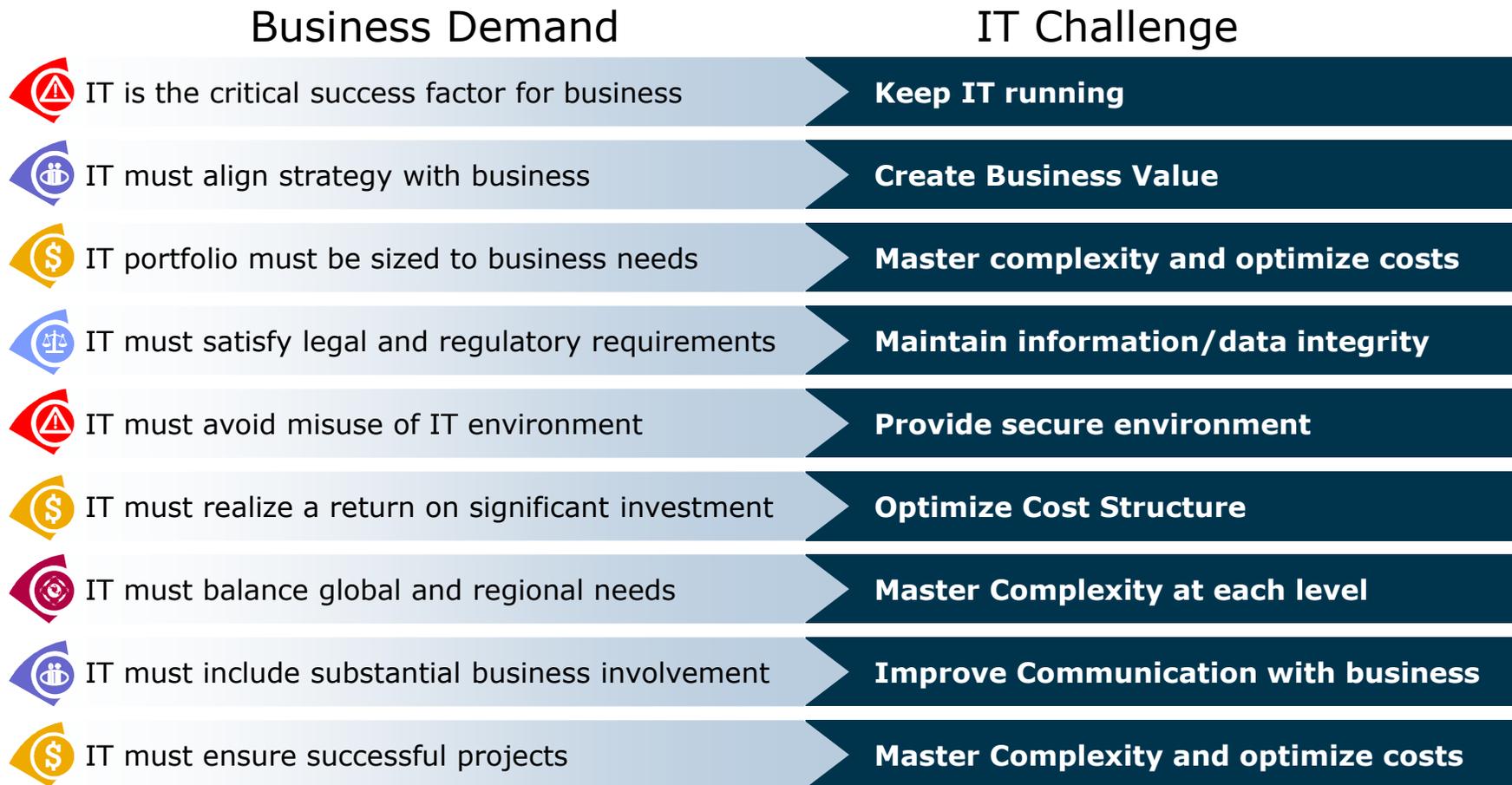
## Lack globally consistent delivery capabilities

Delivery processes are not  
standardized and consistent from  
location to location, onshore and  
offshore

Result: varying levels of quality,  
inability to connect, increased  
application failures and downtime

# IT Governance continuously brings value . . .

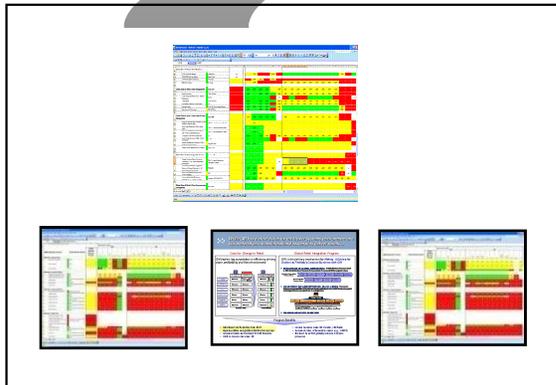
IT organizations are faced with the challenge of meeting dynamic business demands while handling technology-related risks and complexities at the same time.



Legend:  Business Critical  Business/IT Alignment  Investment/Cost/Savings  Globalization/Culture

# IT Governance supports transformation . . .

## Current State

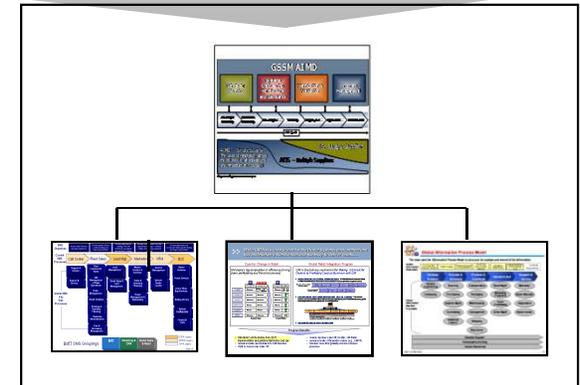


- Very large IT portfolios with high percentage of monolith legacy systems
- Regionally developed systems with hardwired business rules
- Partially rationalized Bill of IT, Bill of Process, Bill of data
- Partial leveraging of common functions
- Ineffective sequencing of project resulting in over spend and business value delay
- Lack of governance structure to execute overall IT strategy

## Challenges

- Requires significant funding
- Long project lead times
- Inherent risk with large COTS / ERP deployments
- Driving business value along the way
- Requires substantial business involvement
- Balancing global and regional needs
- Size, Complexity and Rigidity of IT portfolio

## Future State



- Smaller portfolio with a predominance towards COTS applications
- Global and common systems with Agile architectures
- Highly rationalized portfolios that balance high-impact initiatives with complexity reduction activities
- High leveraging of cross-segment functions and services
- Timely sequencing of portfolio initiatives leveraging smaller projects
- Strong governance structure that aligns IT strategy with business

# IT Governance brings clear benefits . . .

- Alignment of investments to corporate objectives
- Consensus on investment focus across business units
- Control over IT budgets
- Business Value derived from well-focused initiatives
- Shorter time-to-market for key initiatives
- Less waste on inappropriate IT projects
- Clarity on support required for decision-making
- Predictable IT Spend
- Focus of operations on management goals

| What does it consist of?

# Typical components that are required . . .

- Structures – boards, committees, roles, responsibilities
- Accountabilities – clearly defined
- Processes – demand capture, analysis, approvals, etc.
- Procedures – data requirements, reviews
- Business Case –
  - Benefits
  - Costs
  - Risk
- Risk Assessment – taxonomy, methods
- Prioritization – criteria, methodology, use
- Monitoring – metrics, dashboards, approval gates

# Structures

	Membership	Focus	Responsibilities
<b>IT Governance Board</b>	<ul style="list-style-type: none"> <li>• CEO / CIO / Executive Leadership</li> </ul>	Business Strategy & IT Investment	<ul style="list-style-type: none"> <li>• IT Principles</li> <li>• Review IT investment monitoring &amp; reporting</li> <li>• Approve IT-wide investments and prioritization</li> <li>• aligning and integrating the IT Strategy with business goals</li> <li>• ensuring that budgets and investment plans are realistic</li> </ul>
<b>IT Steering Committee</b>	<ul style="list-style-type: none"> <li>• Current managers of the CIO</li> <li>• BU Management</li> </ul>	IT Strategic Alignment	<ul style="list-style-type: none"> <li>• Ensure IT Strategy is aligned with corporate objectives</li> <li>• Support the Governance Board and organization structure</li> <li>• Act on recommendations of the Governance Board</li> <li>• Review IT operational performance</li> <li>• Develop, maintain and evolve the corporate IT strategy</li> </ul>
<b>IT Program Office</b>	<ul style="list-style-type: none"> <li>• IT Program Managers</li> <li>• Business Unit Project Mgrs</li> <li>• IT Project Mgrs</li> </ul>	IT Project Metrics Monitoring and Reporting	<ul style="list-style-type: none"> <li>• Review and monitor deployment of key projects</li> <li>• Recommend corrective actions to key projects</li> <li>• Facilitate cross-BU collaboration and issue resolution</li> <li>• manages the project portfolio, maintains all records, and coordinates committees</li> <li>• Resource management</li> </ul>
<b>Architecture Review Board</b>	<ul style="list-style-type: none"> <li>• CIO</li> <li>• IT Principals</li> <li>• IT Services Leads</li> <li>• CIO's direct reports</li> </ul>	IT Architectures	<ul style="list-style-type: none"> <li>• Define and maintain architecture standards (info, applications, technology, security)</li> <li>• Input to maintaining and evolving the corporate IT Strategy</li> <li>• Recommend prioritization criteria for IT initiatives and investments</li> </ul>
<b>Technology Council</b>	<ul style="list-style-type: none"> <li>• CIO</li> <li>• Business Unit IT Leads</li> <li>• IT Services Leads</li> <li>• Strategic IT Providers as needed</li> </ul>	Technology Opportunities	<ul style="list-style-type: none"> <li>• Investigate emerging technologies for applicability to business and recommend adoption</li> <li>• Recommend existing technologies for retirement or phasing out</li> <li>• Oversee activities of the technology working teams</li> <li>• Provide guidance to Architecture Review Board on accepted technologies</li> </ul>

# Investments transition through three stages

1

From Need to Approval ("Proposals")

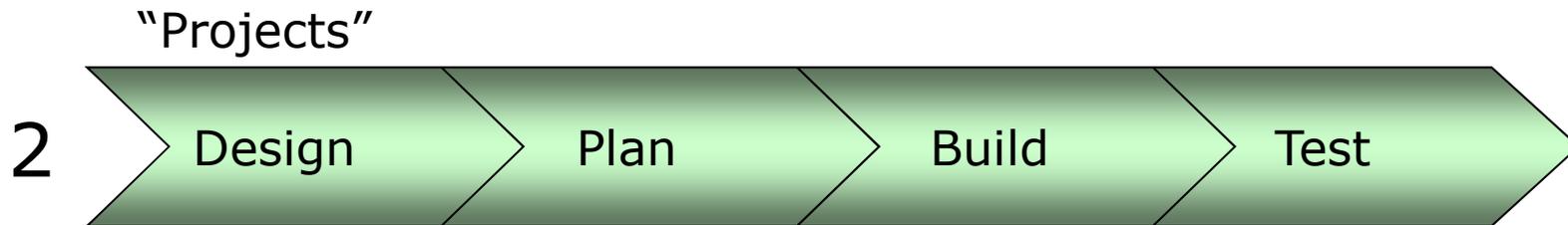
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From Approval to Production ("Projects")

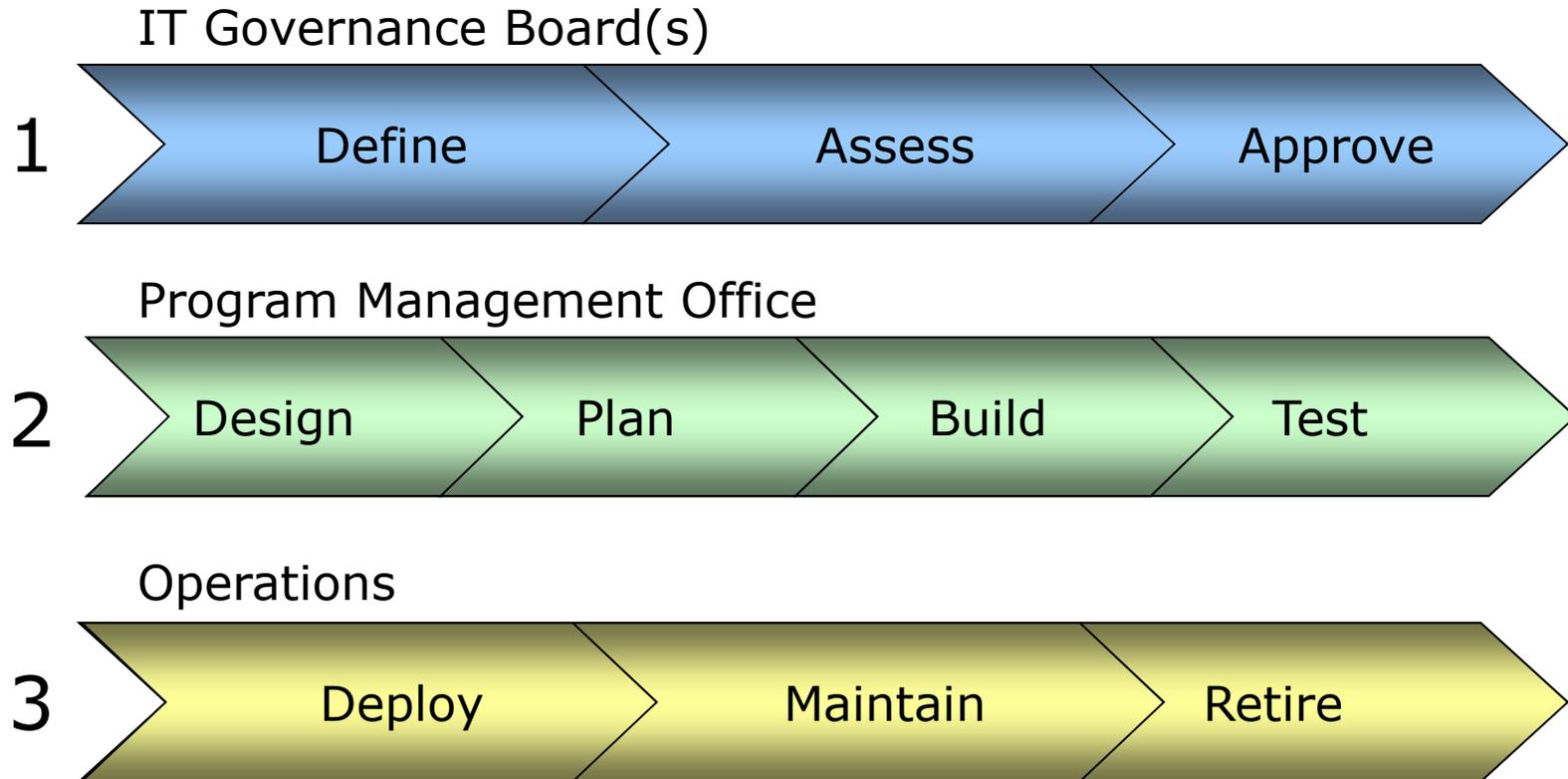
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From Production to Retirement ("Assets")

# These stages can be divided into sub-stages



# Authorities differ for each stage



# Roles and Responsibilities for “proposals”



- **Portfolio Management Group**

- defines solutions
- estimates benefits, risks, and costs
- investigates relationship to other Proposals and Projects

- **IT Governance Board(s)**

- reviews the portfolio of proposals for strategic alignment
- assesses various alternative scenarios for funding
- approves selected proposals for implementation

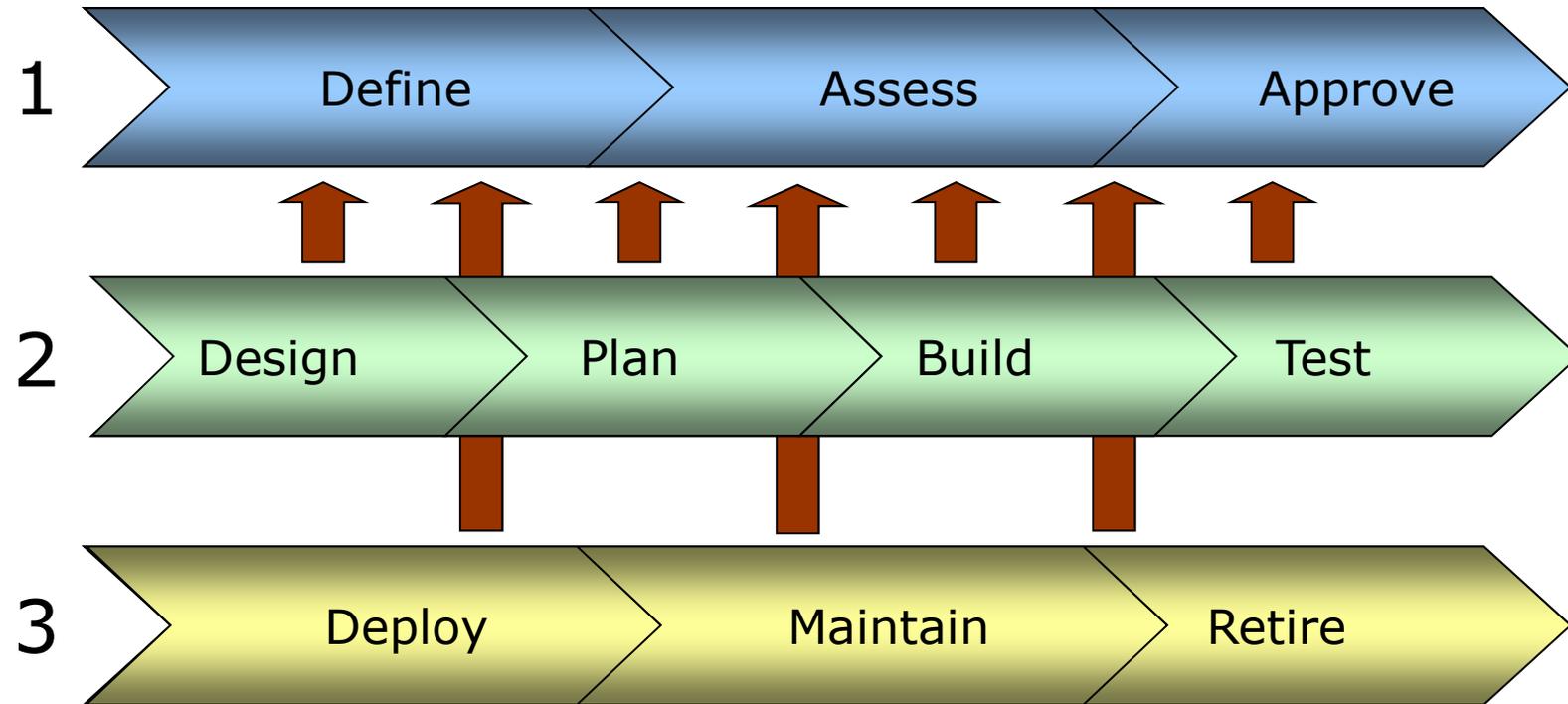
# Information needed for decision-making



- For each Proposal:
  - High-Level Definition
  - Mapping to Business Processes and Functions
  - Mapping to Logical and Geographic Locations
  - Alignment to Corporate Goals and Objectives
  - Risk Assessment
  - Architectural Review
  - Technology Standards Review
  - Economic Evaluation

- For the Portfolio of Proposals:
  - Dependencies
  - Redundancies
  - Complementarities
  - Prioritization
  - Financial Impacts
  - Resource Constraints
  - Business Value
  - Scenario Analysis
  - Performance Metrics

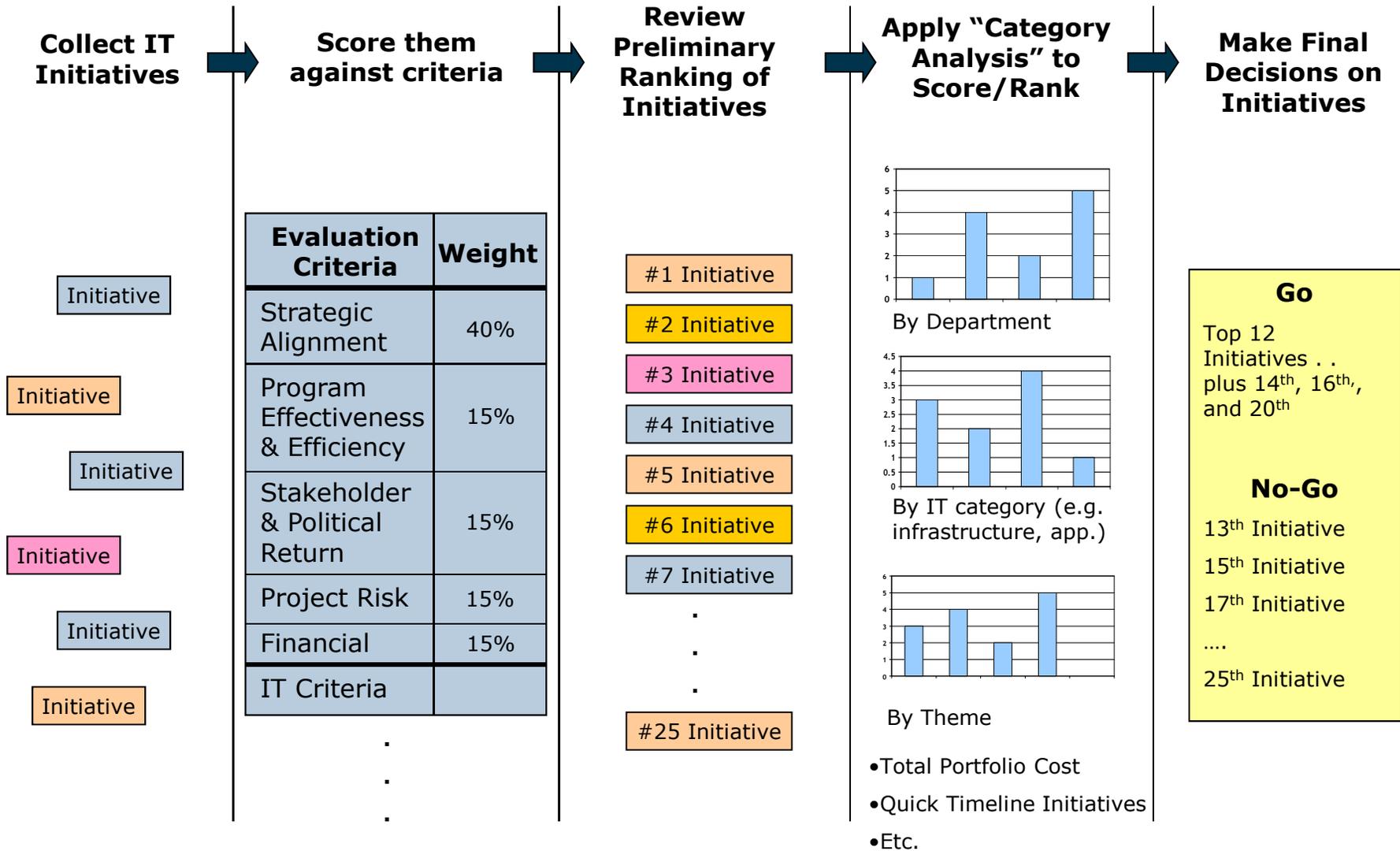
# Board monitors performance of Projects and Assets



*Is each **Project** on time? . . . on budget? . . . meeting goals?*

*Is each **Asset** being effectively utilized? . . . at risk of failure?*

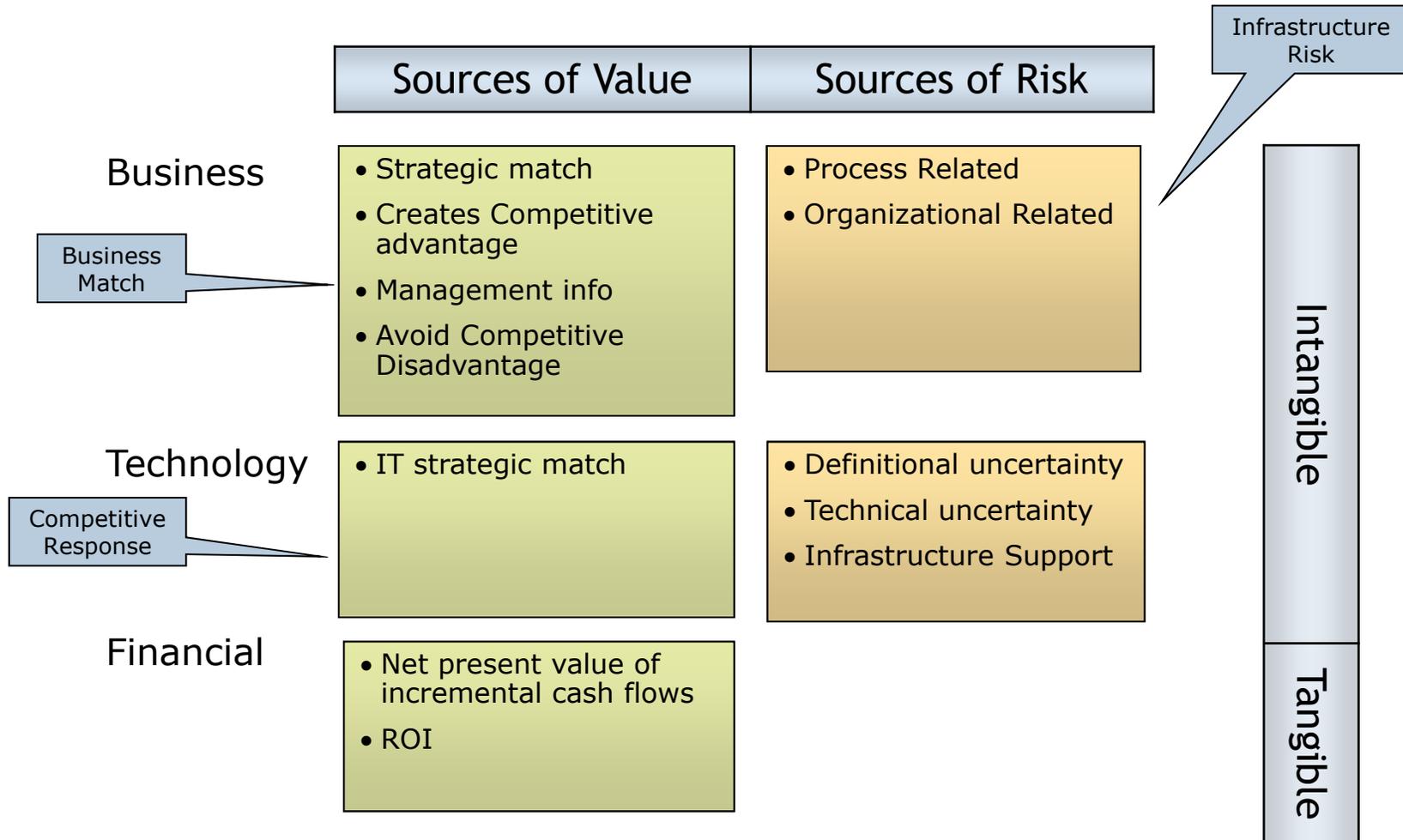
# Key process for Proposal Approval





# Prioritization Methodology

## Some categories for developing criteria



## Portfolio Management

# Newer tools ease workflow and analytics

## Executive Level

- Align IT to business objectives
- Integrate into financial plan
- Prioritize and approve investments

**Portfolio and financial capabilities can track key financial metrics for both proposals and projects.**

**Portfolio Management allows the portfolio to be mapped to business goals**