

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 . . .

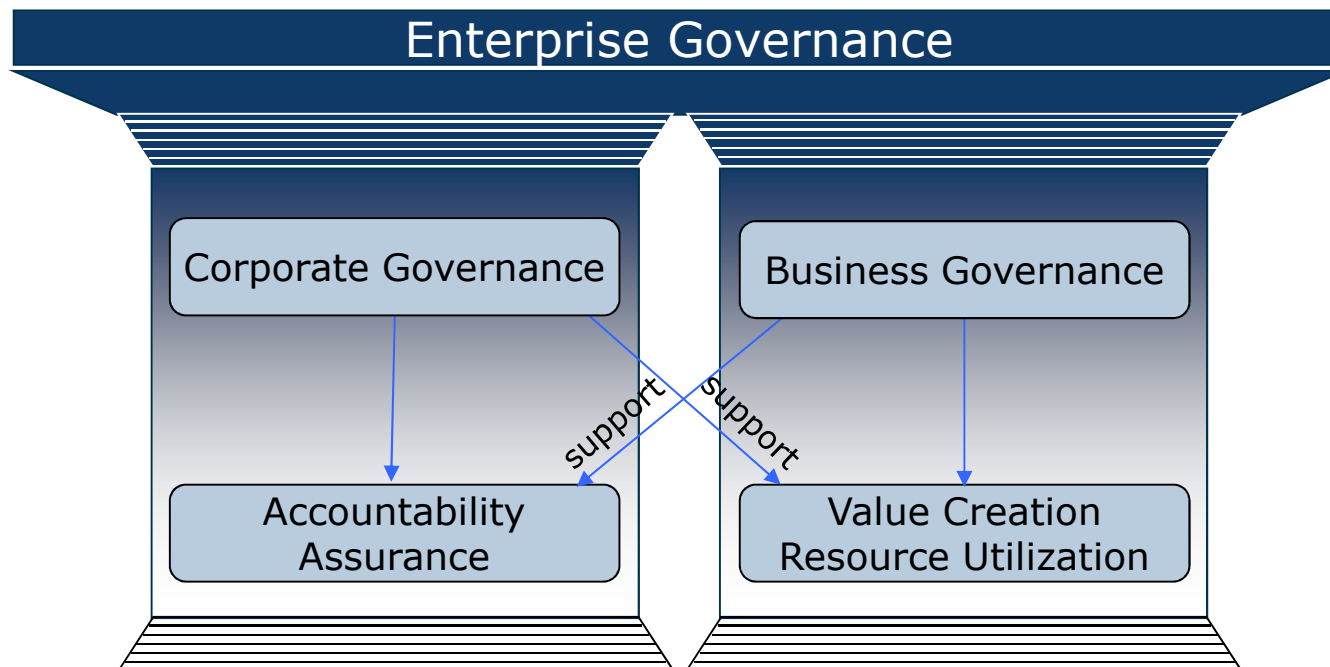
“IT Governance is those aspects of Corporate Governance by which IT is directed and controlled.”

“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 . . .

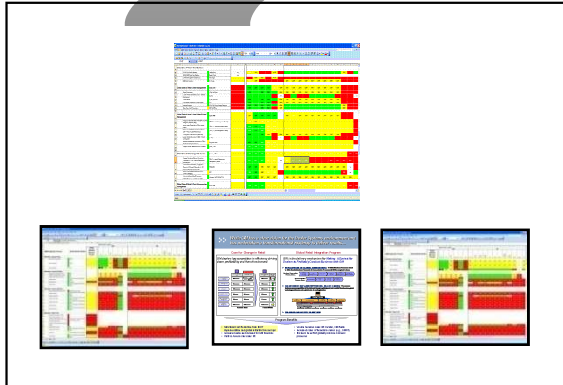
IT organizations are faced with the challenge of meeting dynamic business demands while handling technology-related risks and complexities at the same time.

Business Demand	IT Challenge
 IT is the critical success factor for business	Keep IT running
 IT must align strategy with business	Create Business Value
 IT portfolio must be sized to business needs	Master complexity and optimize costs
 IT must satisfy legal and regulatory requirements	Maintain information/data integrity
 IT must avoid misuse of IT environment	Provide secure environment
 IT must realize a return on significant investment	Optimize Cost Structure
 IT must balance global and regional needs	Master Complexity at each level
 IT must include substantial business involvement	Improve Communication with business
 IT must ensure successful projects	Master Complexity and optimize costs

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

IT Governance supports transformation . . .

Current State

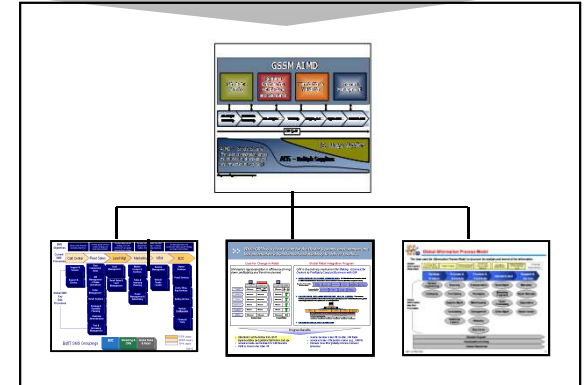


- Very large IT portfolios with high percentage of monolith legacy systems
- Regionally developed systems with hardwired business rules
- Partially rationalized Bill of IT, Bill of Process, Bill of data
- Partial leveraging of common functions
- Ineffective sequencing of project resulting in over spend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

Investments transition through three stages

1

From Need to Approval ("Proposals")

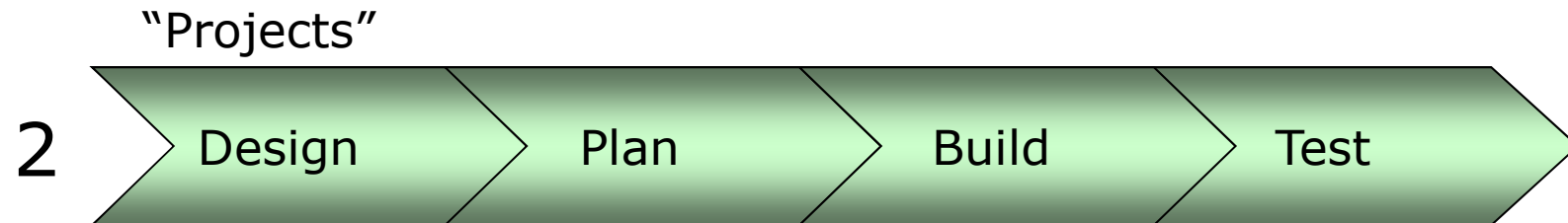
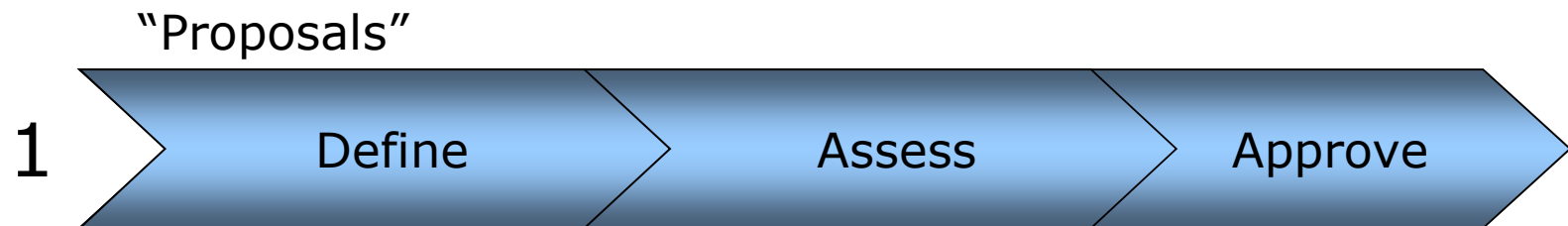
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From Approval to Production ("Projects")

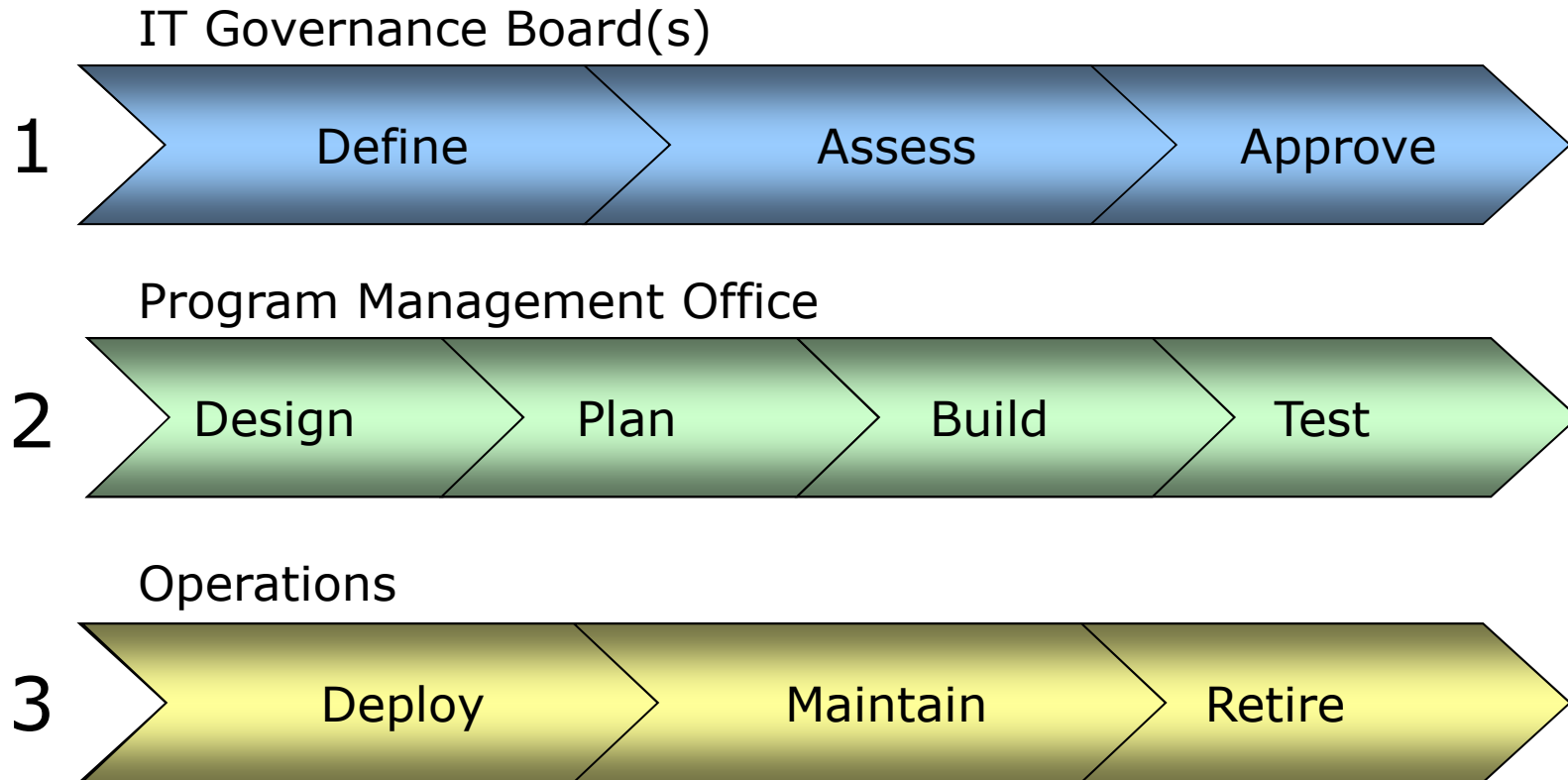
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From Production to Retirement ("Assets")

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



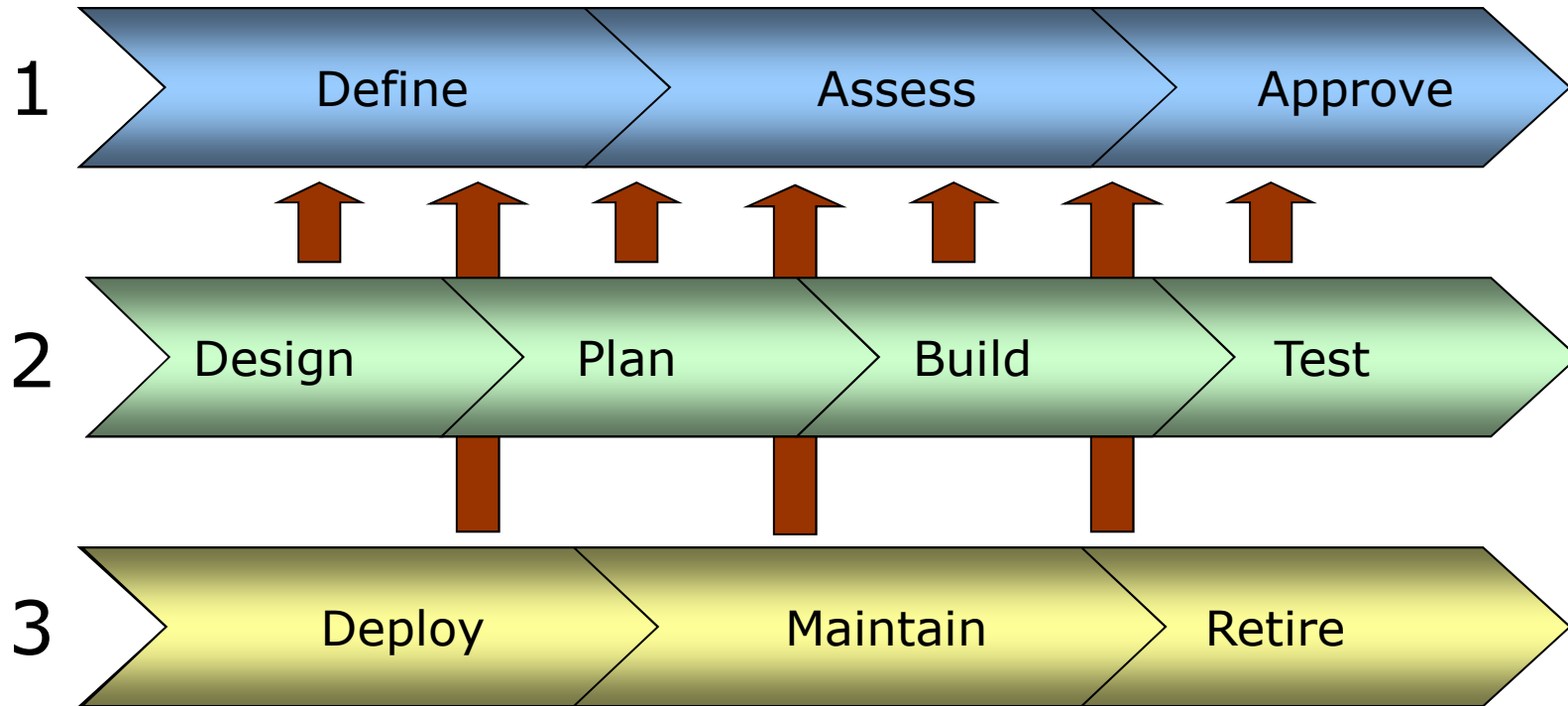
- For each Proposal:

- 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

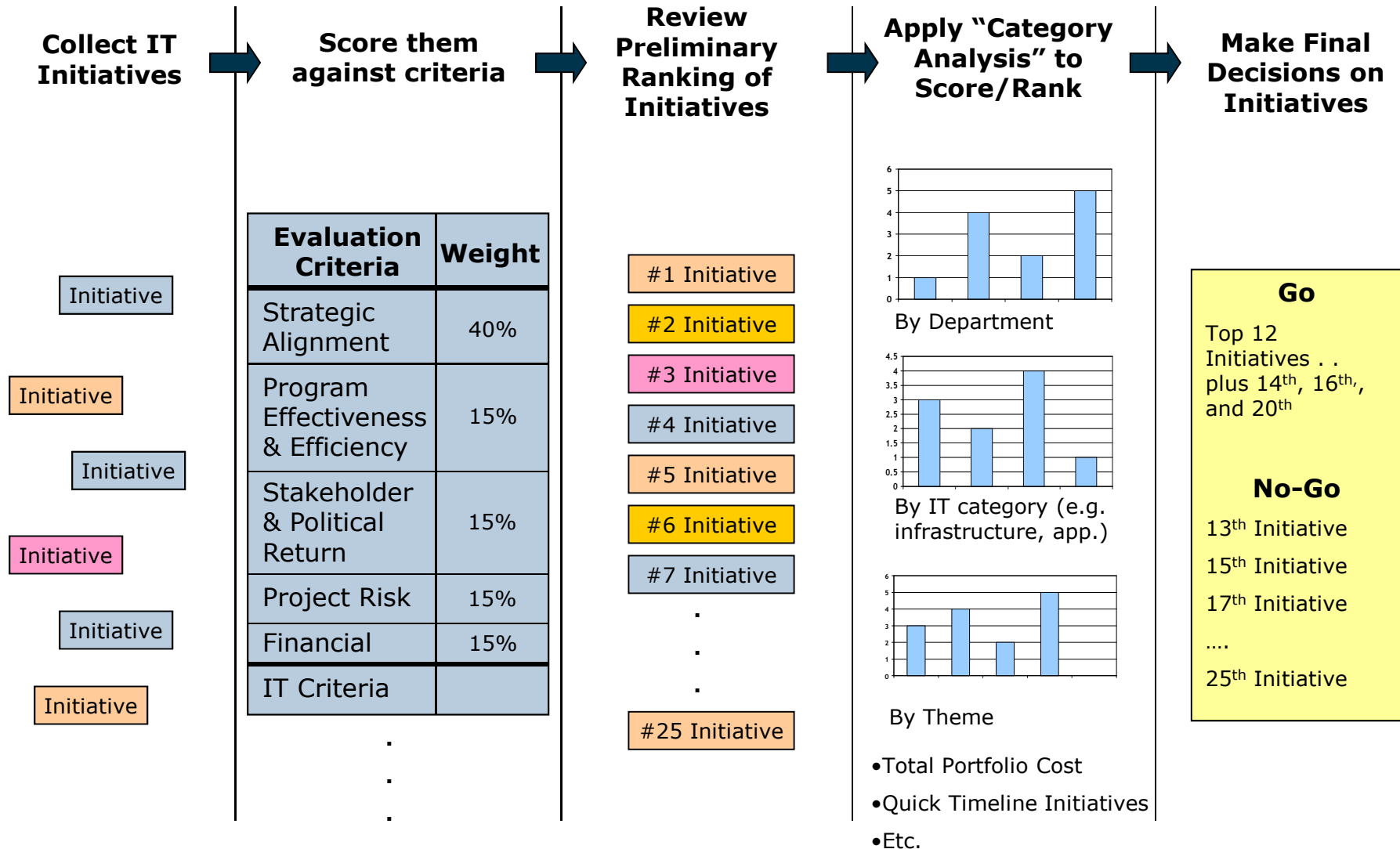
Board monitors performance of Projects and Assets



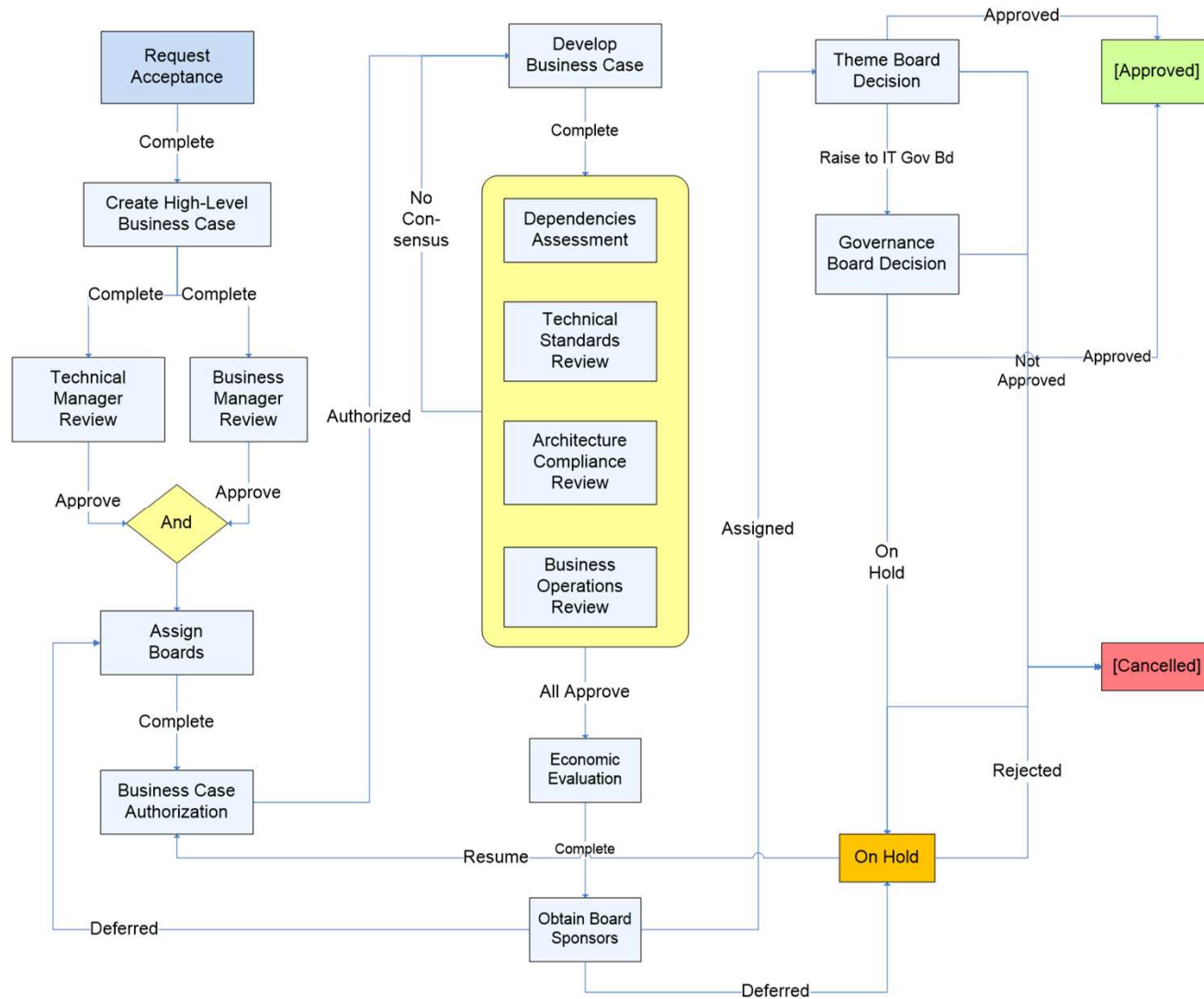
*Is each **Project** on time? . . . on budget? . . . meeting goals?*

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

Key process for Proposal Approval

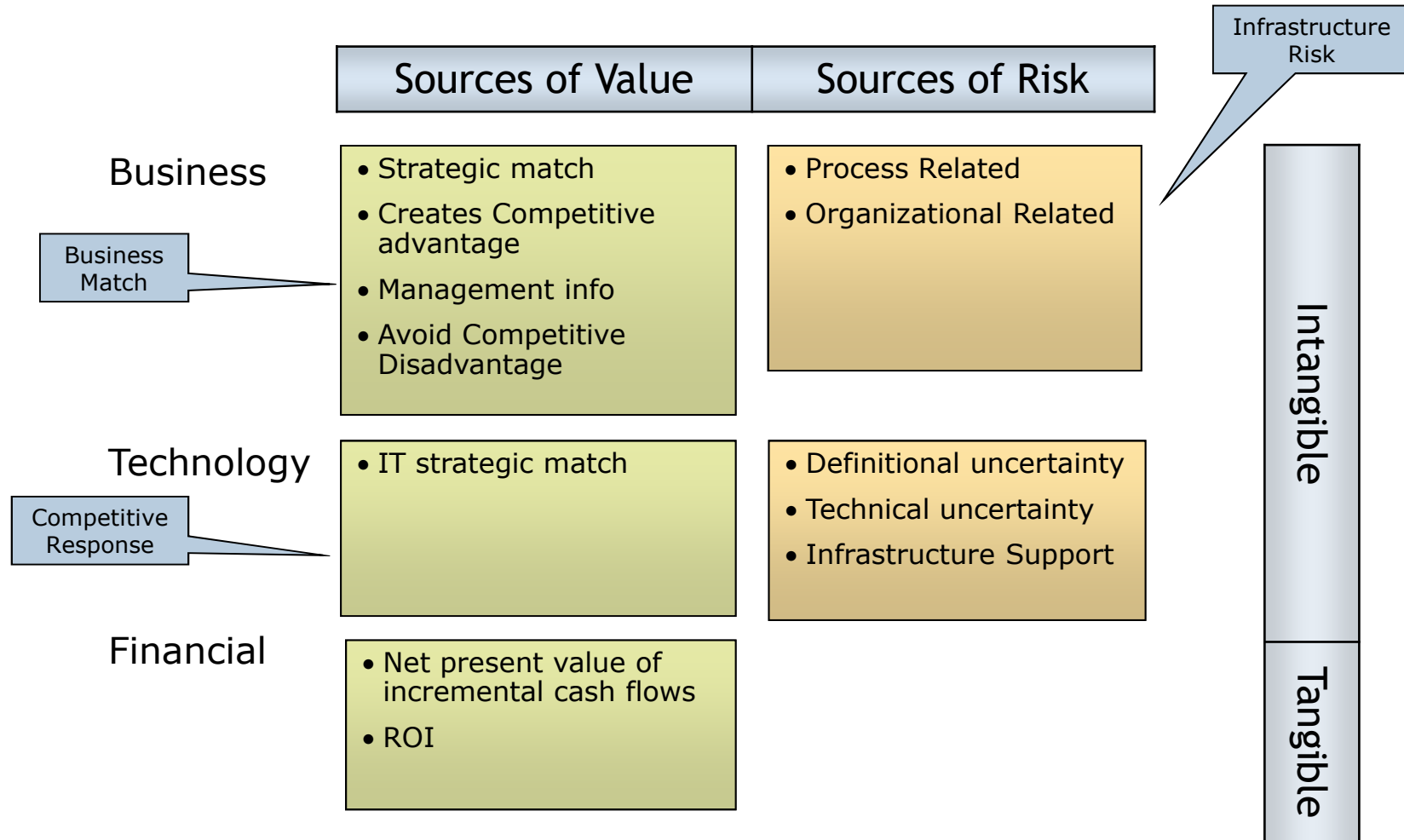


Basic Process Flow for Proposal Approval



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