



Why IT Governance Matters

By Thomas Kay

As corporate resources and funding grow tighter during a weak economy, executives are looking for ways to improve their organizations' efficiency. One of the best ways to bring value to the enterprise is through leveraging the IT organization. Implementing IT Governance controls and structure can both save money and raise morale. Here is an overview of what is behind this opportunity and Why IT Governance Matters.

Problem statement:

- Many companies fail to leverage their IT resources as a strategic tool
- The companies' IT spending is out of proportion with resulting benefits
- The business organizations often have little or no control over IT priorities and preferences
- IT risks are too often identified and or addressed after a severe breach or significant failure
- Most companies have little or no way to measure and monitor IT performance and results

Some statistics:

- Over 80% of IT project are delivered late and over budget. (Standish Group – Oct 2006)
- Delays of 100% are typical for high tech projects, despite the use of project management tools (University of California Berkeley)
- Nearly 60% of all IT projects are delivered with less functionality that originally promised. (Standish Group – Mar 2007)
- Less than 5% of project deliveries fail due to actual technical reasons – Nearly all obstacles are related to poorly defined requirements, poor sponsorship, weak management controls or all of the above. (Gartner Group – May 2006)

A complete IT Governance process includes a suite of five key components that are designed to insure a sustainable benefit to the IT organization and the company as a whole. Although different companies may approach these components in varying ways, the keys to a comprehensive IT Governance model will always cover the following areas:

- **Strategic Alignment** - Integrated business goals and IT processes that function cooperatively, with heavy emphasis on the planning process that includes full business engagement.
- **Value Delivery** - Assisting the IT organization to define and accept projects or investments that deliver the benefits promised. The focus of Value Delivery is the processes used to evaluate and approve projects for the IT team and investments in technology.
- **Resource Management** - Management of both internal and external resources effectively and efficiently. This serves to insure that the correct resources are deployed to perform the needed assignments. Additionally, it includes a review of value / benefit for the investment of each resource.
- **Performance Measurement** - Putting structure around measuring business and IT performance. The purpose in this area is to measure the performance of the IT services that are delivered to the company. This may be in the form of SLA's or other metrics that are gathered and reviewed internally to IT, with the Business or both.
- **Risk Management** - Institute a formal risk framework that puts some rigor around how IT measures, accepts, and manages risk. This understand how the IT function identifies, quantifies,



prioritizes and responds to risks. The risks may be operational, project based, technology based, geographic or may be generated in other ways. is one of the more complex areas. The purpose is to

In order to effectively deploy an IT Governance model, most companies will select a framework that enables them to structure their activities. There are different frameworks are designed to meet different needs, such as:

- ITIL - Information Technology Infrastructure Library (ideal in an IT service organization).
- CMMI - Software Engineering Institute / Capability Maturity Model Infrastructure (specifically aimed at software development organizations).
- ISACA - Information Security Audit & Control Association / IT Governance Inst. (Focus on security and risk mitigation for appropriate environments).



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Benefits of IT Governance:

- Significantly increased accountability with IT (no more mystery about IT projects and results)
- The business ends up “owning” their destiny and defending their own priorities
- Reduced overall cost to the company with increased IT output (increased effectiveness)
- Reduced risks and better visibility of risk priorities
- Happier employees (yes... even within IT)

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