

Governance and Control Definition

This document is the first part of a series of articles related to Governance and Control for technical organizations.

In this part, we address the business reasons why companies should implement Governance and Control at the IT level.

Does your IT Organization deliver real business benefits?

Today, nearly every business event has an implication on a company's business applications and infrastructure, IT processes and organization.

For financial institutions, telecommunication or infrastructure services providers, the need to set up a customer centric or business centric way of delivering technology is crucial if they want to use technology as a competitive advantage.

Those organizations' products and services are directly based on software or infrastructure services.

In other industries, the reliance on technology to deliver business value may be less important; however technology is required to enable nearly every business function.

Where are most companies today?

According to Gartner Group, more than 65% of the surveyed companies are still trying to take control of their IT and rationalizing/consolidating infrastructure to save costs.

Speaking about maturity levels, on a scale of 1 to 5, 5 being the optimal level, most companies are at level 1 or 2 at the most.

Why weren't things better?

This article attempts to address the many issues companies are facing with the IT world and which naturally impact the way they conduct business.

Follow on articles will propose an approach to set up a Business driven IT organization, which when applied to large corporations with several thousands IT staff serving another hundred of thousands business employees, can typically deliver significant benefits to the business.

What is the problem?

Today, most top executives support the view that IT plays a significant role in business value creation.

However, many issues lead to shortfalls in creating the 'expected' business value from IT investments.

The problem is that for those companies, IT decisions are not taken at the right level.

In fact, using and delivering IT as a competitive advantage requires a sound IT Governance Model to shape and manage the way IT is used and delivered.

Setting up the right Governance Model will enable the right strategic decisions to be taken around several key areas such as:

1. Which IT investments are strategic to the business?

2. What are the key accountabilities within IT and within the Business?
3. What should corporate IT standards be? How to enforce them?
4. How should IT suppliers be managed? How can current investments be leveraged?

The right IT Governance Model will therefore enable the IT organization deliver direct business benefits or effectively manage service delivery from a business point of view. In other words, a sound IT Governance Model is necessary to maximize the value the Business can get from the services the IT Organization offers.

Large corporations, with dozens of Business Units who often manage their own internal IT delivery, have redundant IT functions which do not share the same standards, policies and procedures. For example, one Business Unit may have decided to outsource some aspects of infrastructure management (e.g. Desktop Management) where the other ones may still do this internally. Maybe for that company, outsourcing each Business Unit's users' desktop management could be more beneficial or keeping Desktop Management in house but outsourcing some other infrastructure services would be the smartest option from a business point of view.

Another example is Application Development: standardising Application Development across Business Units can bring clear and non discussable business benefits. Setting up a robust and factory like application development process with fixed delivery timeframes can enable a company significantly decrease its products time to market as well as increase their quality.

However, setting up the right Governance structure will have limited benefits if the IT organization is not "under control".

Having the IT Organization "under control" effectively comes down to creating more visibility of the IT Processes, Technologies and People to the Business Executives. In other words providing a unified and clear view to the customers (e.g. Business Executives) of what IT is offering, at which costs and how it performs.

It is often the case that most Business Executives still perceive IT as an expensive "Black-Box"

Creating Visibility of the IT processes, technologies and people by establishing the right controls within the IT organization is a pre-requisite to establish the right level of understanding and credibility among the Business Executives

More Visibility will help answer the following questions:

1. What services does IT offer to the Business? Are those fulfilling Business needs from a service coverage and service level point of view?
2. How well and fast does IT adapt to business changes?
3. How are changes to the IT environment managed?

For example, it is very often the case in large corporations that basic, but fundamental IT service definitions differ from one Business Unit to the other. In such cases, it is very difficult (almost impossible) to correct the resulting inefficiencies (and thus save costs) unless the company decides to move towards a standard way of defining and delivering IT.

Another example is the way new services are introduced into the existing production environment. Having such a process under control is a prerequisite to a proactive IT organization who can easily and quickly implement business changes.

In summary, **alignment between IT and the Business** can be achieved if the right IT Governance and Control Model are in place. Those are essential for a company to get the most value out of its IT organization.

- IT Governance Model is necessary to maximize the value the Business can get from the services the IT Organization offers.
- Without any corporate IT decisions taken, **implemented and enforced**, the IT Organization cannot be controlled and measured against pre-defined standards. Those controls and standards are key to **IT Operations Effectiveness**.
- Without the right amount of controls in place, IT Governance will not have the required information insight to take **strategic decisions**.
- Moreover, IT Governance decisions can only be successfully **implemented** with the right level of control of the delivered IT services.

In the follow on parts of this article, we will go into more details into those Governance and Control aspects. How do they relate to COBIT and ITIL? Which existing resources are already available to help you address those issues? We will also propose a possible pragmatic approach to tackle those issues.

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Biography of the Author:

[Anaïs Malausséna](#) is a senior consultant, specialized in IT Governance and Control. She has more than 12 years experience in the area of IT Operations Effectiveness, Service Management and Service Delivery. She has helped several large corporations including B/S/H, Philips, NXP, AT&T, KLM, Ahold, AXA, Sainsbury's, KPN, UPC improve the way they deliver IT. She is currently the director of IT to BE, a consultancy company which helps companies deliver technology as a competitive advantage. For more details, please go to www.it-to-be.com