



Gobierno de TI Enfrentando al Reto

IT Governance – Facing the Challenge

Everett C. Johnson, CPA
International President
ISACA and ITGI



Agenda

- IT governance keys
- IT governance focus areas: theory and practice
- Roles and responsibilities for IT governance
- Implementation guidelines
- ISACA and ITGI

Keys to IT Governance

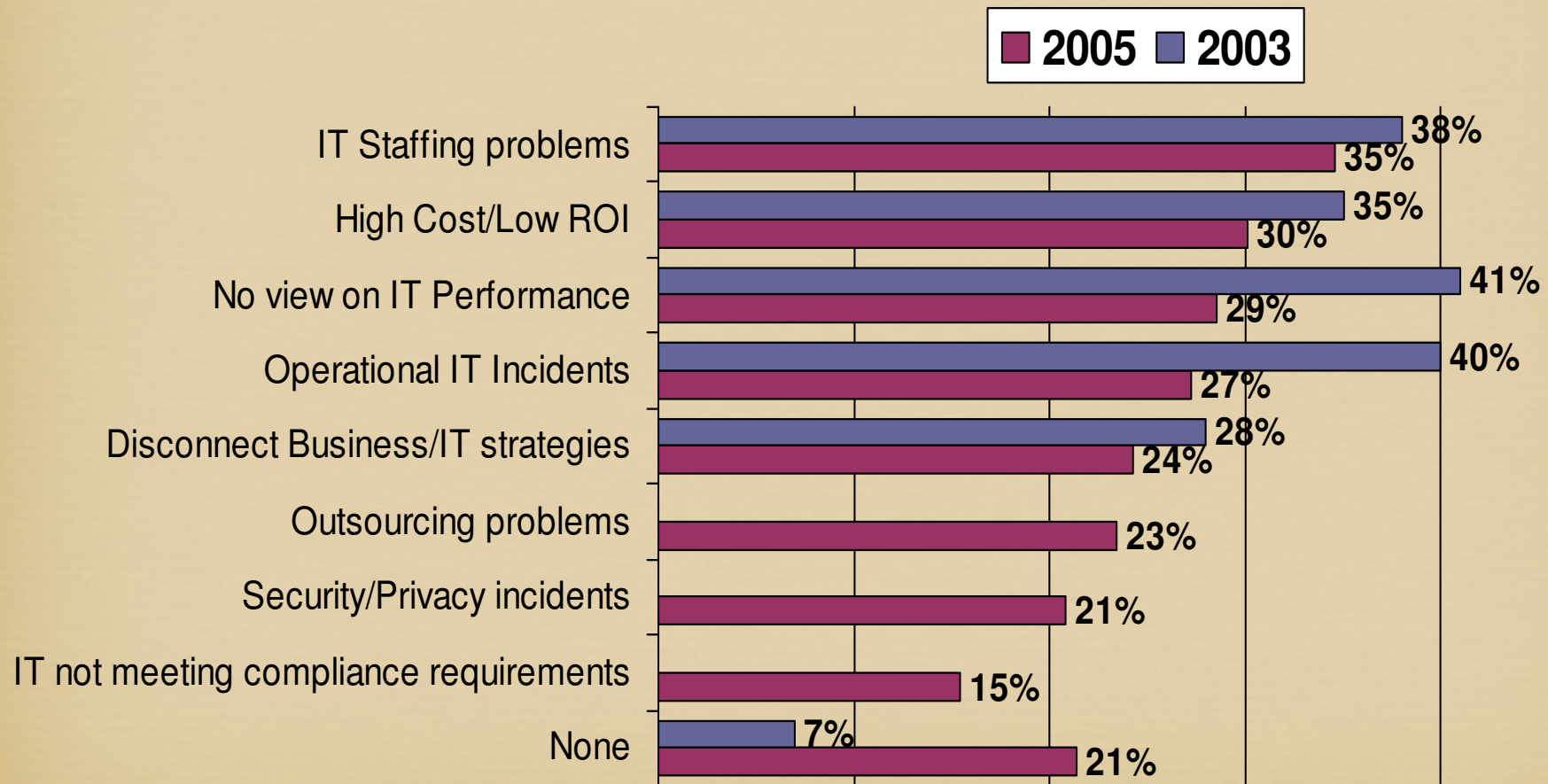


Board Briefing on IT Governance, 2nd Edition

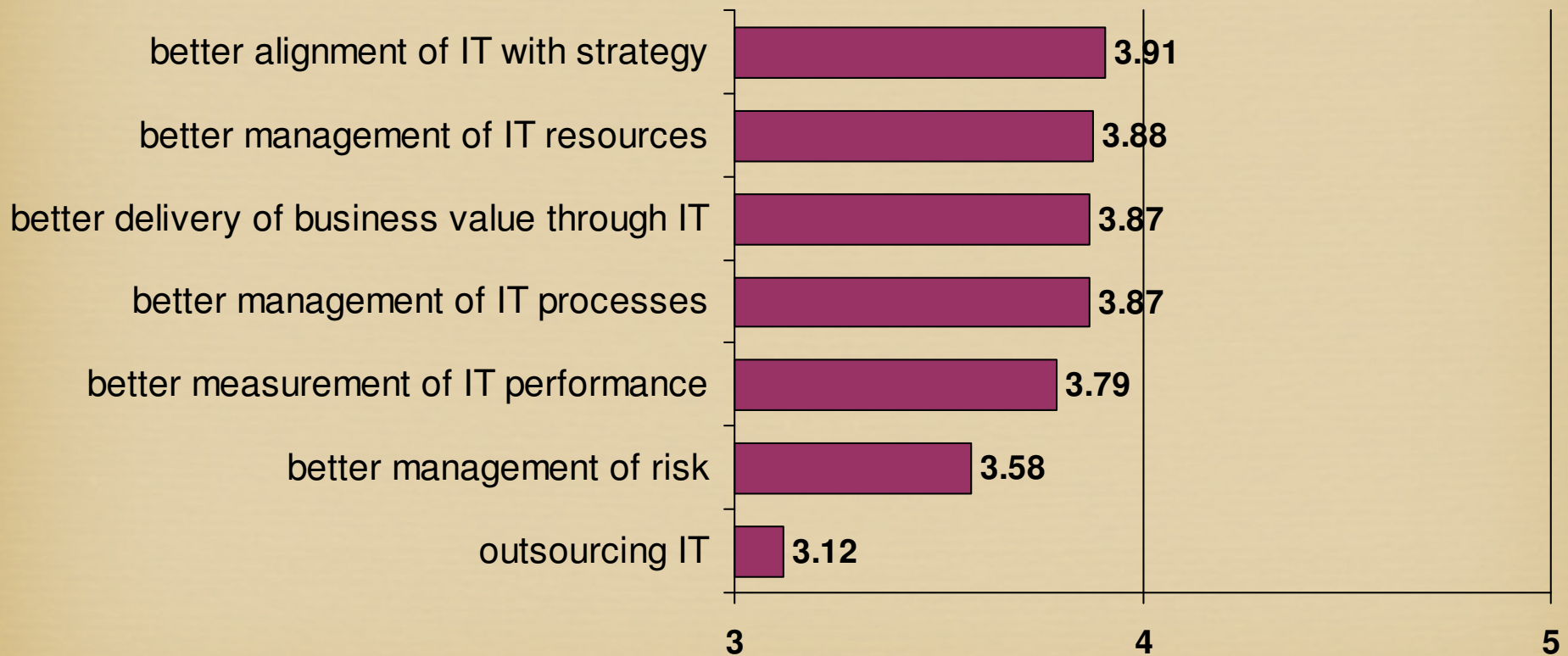
IT Governance Global Status Report (2003 and 2005)

www.itgi.org

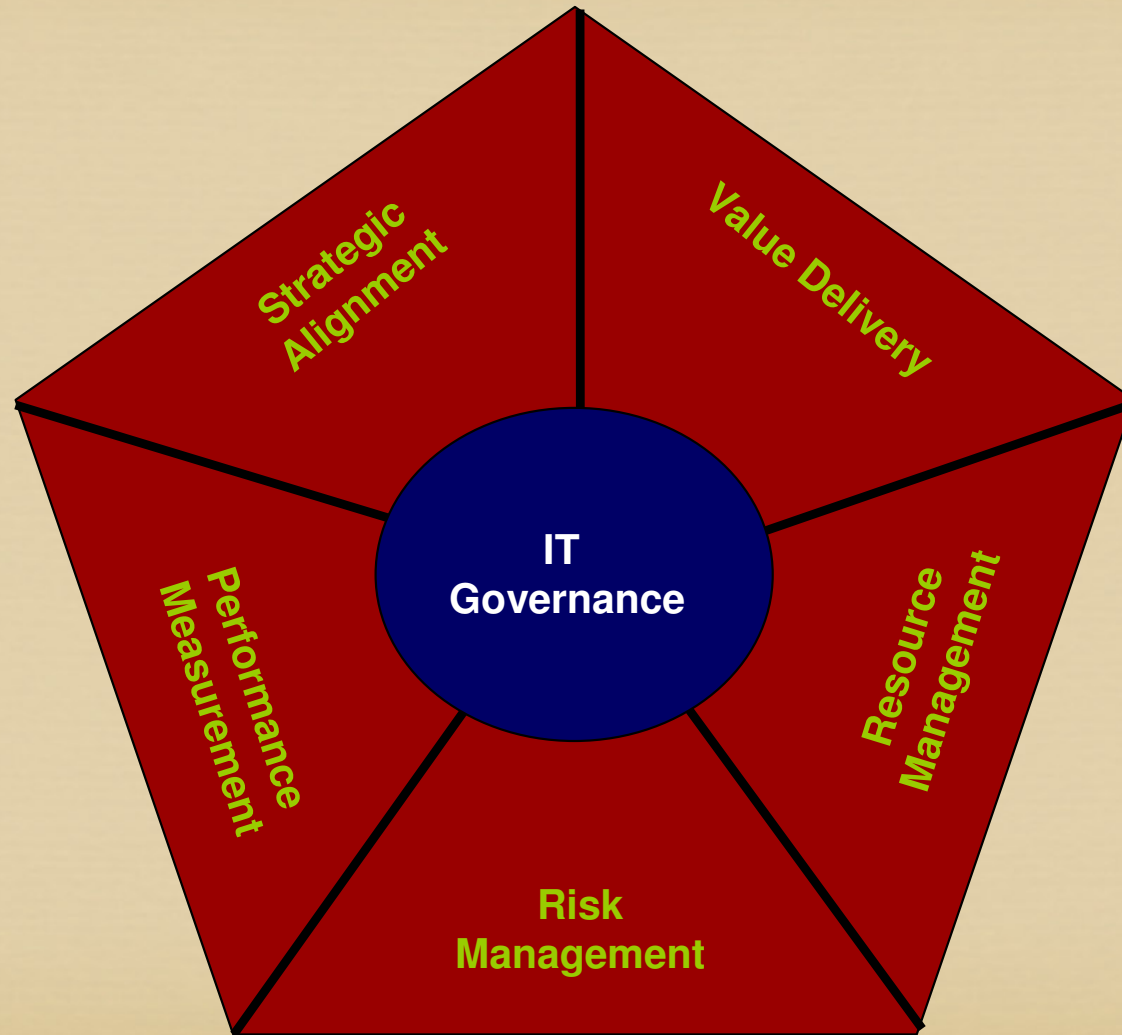
IT Governance Global Status Report: Problems with IT in Previous 12 Months



IT Governance Global Status Report: Potential Solutions



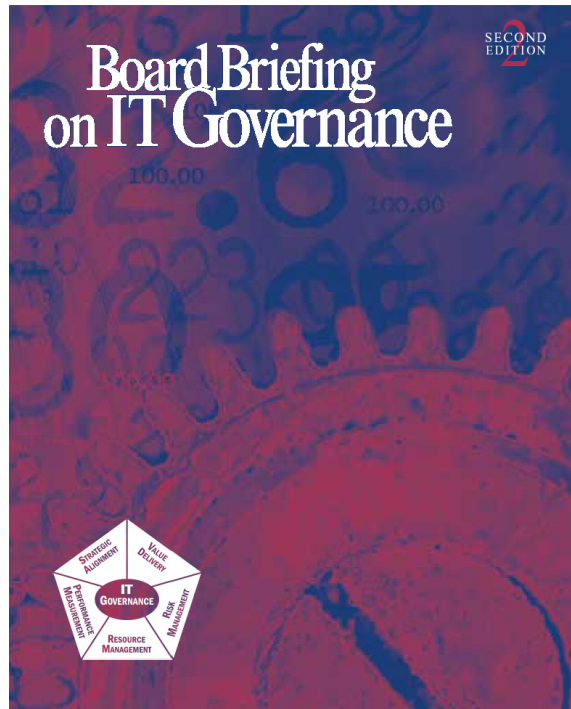
The IT Governance Solution



Why Now?

- Australia's Corporate Law Economic Reform Program (CLERP 9)
- Basel II
- Canadian Privacy Act
- Health Insurance Portability and Accountability Act (US)
- Sarbanes-Oxley Act (US)

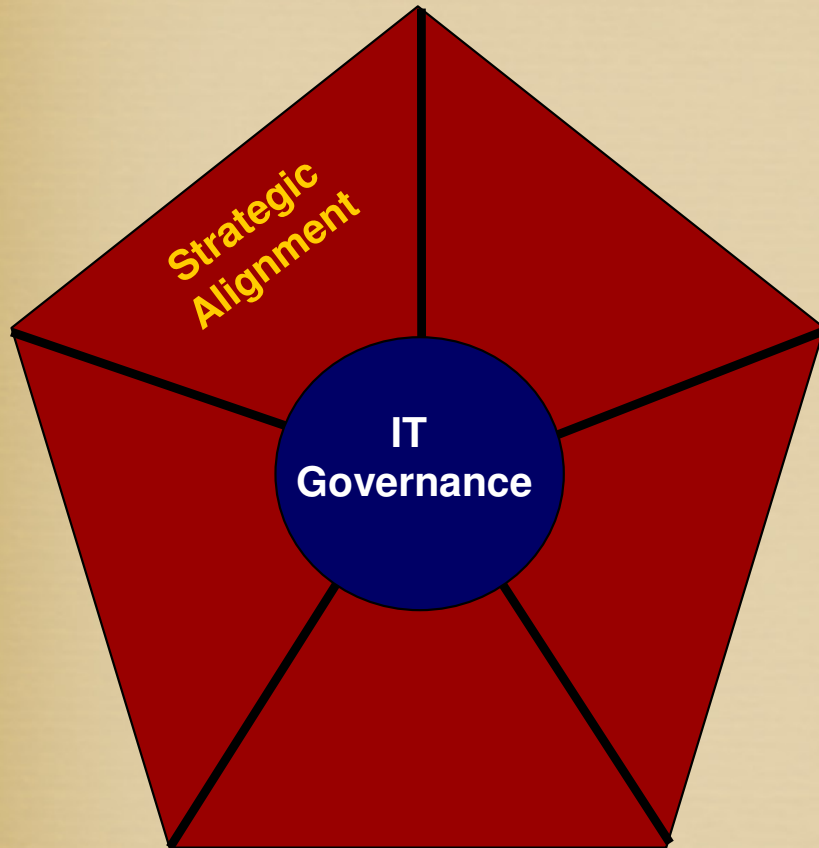
IT Governance Defined



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

Board Briefing on IT Governance, 2nd Edition
IT Governance Institute
www.itgi.org

IT Governance Focus Areas



Strategic Alignment

- Linking business and IT plan
- Defining, maintaining and validating the IT value proposition
- Aligning IT operations with the enterprise operations
- Adding value and competitive positioning to the enterprise's products and services
- Containing costs while improving administrative efficiency and managerial effectiveness

49% of respondents have implemented, are considering implementing or are in the process of implementing this phase of IT governance.

Canadian Insurance Co: Strategic Alignment

The Focus

IS Strategy

Development Projects

Operations Support

IS Governance Expenditures

Alignment is achieved within the structure of the companies' annual planning and budgeting process through the transparency of the value/risk vs cost propositions.

Structure

Strategy	Inter-company IS Executive Committee, ISEC
Development	Line of Business Steering Committees, Account Managers
Operations	Business Process Owners, Account Managers, Service Delivery Managers
Governance	Executive/Risk Management Committees, Functional Leadership

Internal Economy

- ↓ IS expenses are targeted and capped (zero tolerance)
- ↓ IS expenses are fully burdened and recovered by chargeback (zero profit)
- ↓ Lines of business have clear ROE targets which include I.S. chargebacks

Methods & Tools

Strategy	I.S. Strategy Map, Balanced Scorecard, COBIT
Development	Business Case Disciplines > \$250K
Operations	Service Level Agreements, IS Product and Service Standards
Governance	Risk / Compliance / Maturity Assessments (COBIT)

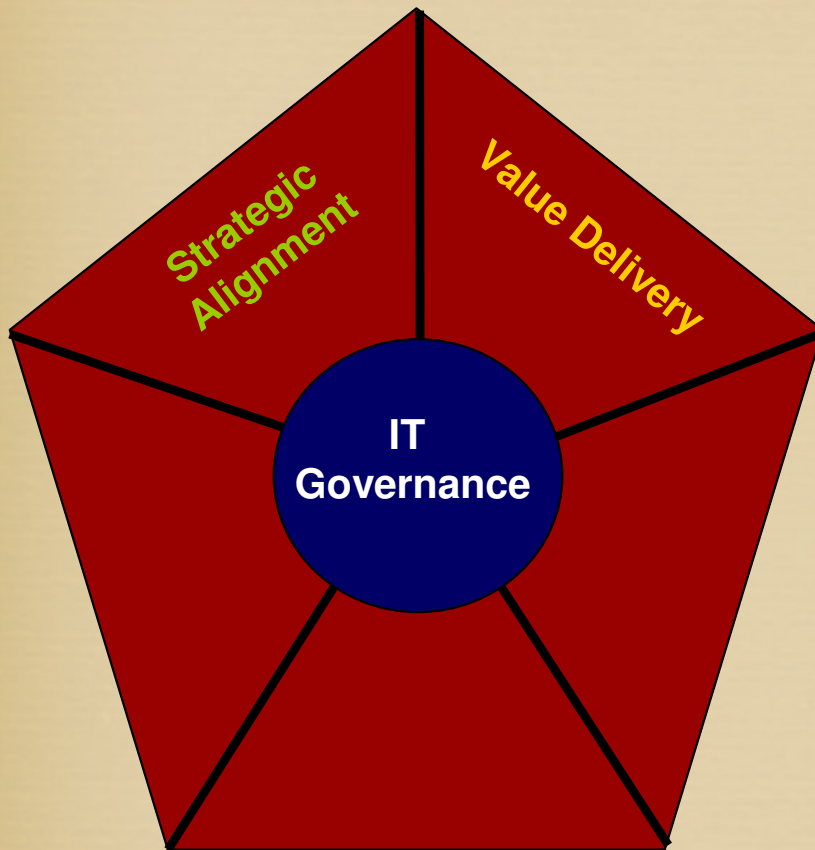
Metrics & Rewards

Financial Targets	Minimum 15% annual growth in shareholder earnings, 18% ROE: Company, Line of Business
Contributing Metrics	Sales, Expense Management, Customer Service, Project Delivery, Service Achievement
Rewards	Ties to management incentives, stock option / purchase plans

Culture

- ↓ Empowered hierarchy, command and control management style
- ↓ Rigorous approaches to analysis, planning and risk management (fact-based)
- ↓ Strong preference for measurable, verifiable benefits

IT Governance Focus Areas



Value Delivery

- Executing the value proposition throughout the delivery cycle
- Ensuring that IT delivers the promised benefits against the strategy
- Concentrating on optimizing expenses and proving the value of IT
- Controlling projects and operational processes with practices that increase the probability of success (quality, risk, time, budget, cost, etc.).

39% of respondents have implemented, are considering implementing or are in the process of implementing this phase of IT governance.

Canadian Insurance Co: Value Delivery

The Focus

IS Strategy

Development Projects

Operations Support

IS Governance Expenditures

Value delivery is ensured on business projects and operations through co-responsibility with business leaders and on governance through direct accountability to the executive committees.

Structure

Development	Business sponsors, IS Project Managers, IS leadership teams, A.C.T., PMI-based methodology, formal SDLC methodologies
Operations	Business process owners, Service Delivery Managers, Service Management
Governance	Process Risk Management Committee (risk, compliance, audit, IS), Architecture Collaboration Team, Chief/Site Architects

Internal Economy

- ↓ IS expense budgets are allocated to lines of business and specific activities, these allocations act as expense caps
- ↓ Allocations are exceeded only by formal change control first considering scope reduction
- ↓ Expense over-runs at the activity level are offset within the LOB's, or failing that, across the LOB's

Methods & Tools

Development	Bates Project Management, SEI-CMM, Enterprise Architecture, TeamPlay, SAP
Operations	ITIL, CobiT, SAP
Governance	COBIT, SAP

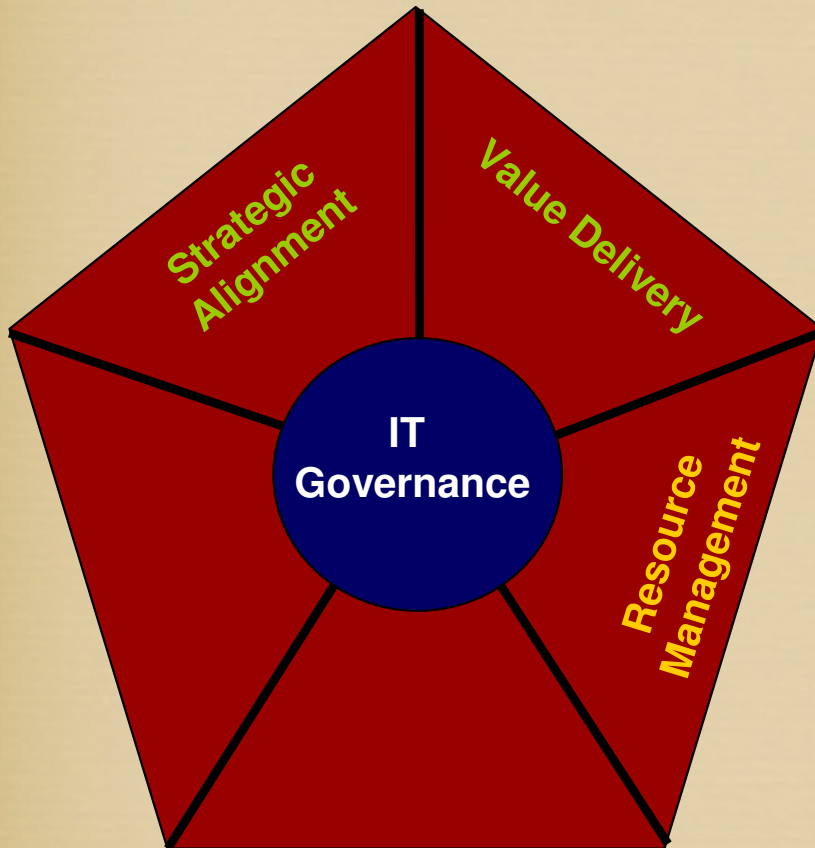
Metrics & Rewards

Development	Co-responsibility for results with business (quality, risk, time, cost)
Operations	Co-responsibility for results with business (service, cost, problem management)
Governance	Accountability to executive committees (incidents, maturity, audits, initiative completions, compliance to standards and processes)
Rewards	Ties to incentives at next levels of management and practitioners

Culture

- ↓ Active, hands-on management of emerging results and adjusting actions
- ↓ Business partnership: business says "what", IS says "how"
- ↓ IS is a professional services organization: we charge for our services, strive for repeatable performance

IT Governance Focus Areas



Resource Management

- Optimal investment, use and allocation of IT resources and capabilities (people, applications, technology, facilities, data) in servicing the needs of the enterprise
- Maximizing the efficiency of these assets and optimizing their costs
- Optimizing knowledge and the IT infrastructure and on where and how to outsource

50% of respondents have implemented, are considering implementing or are in the process of implementing this phase of IT governance.

Canadian Insurance Co: Resource Management

The Focus

IS Strategy

Development
Projects

Operations
Support

IS Governance
Expenditures

Resource management is the most direct and controllable leverage point to ensure the delivery of our financial targets and is the focus of our detailed and active management approach.

Structure

Development	Business steering committees, business sponsors, IS project managers
Operations	Business process owners, Account Managers, Service Delivery Managers
Governance	Risk Management Committee, functional leadership, ISFM, Career Centres, ISHR Organization

Internal Economy

- ↓ IS expense budgets are allocated to lines of business and specific activities, these allocations act as expense caps
- ↓ IS is accountable to manage within its budget (gatekeeper role)
- ↓ Business leaders cannot spend above their IS budget without executive approval

Methods & Tools

Financial	SAP, TeamPlay, MICS, Remedy
Human Resources	TimeControl, SEI-PCMM
Assets	Applications / Data Inventory, Remedy

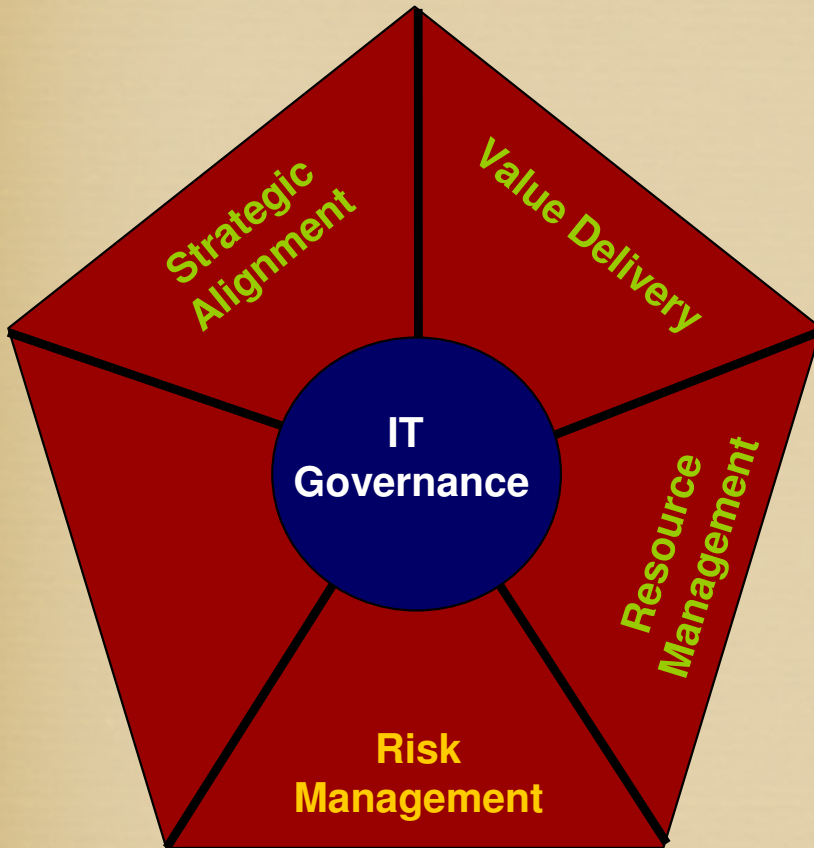
Metrics & Rewards

Financial	Expense management, unit cost targets
Human Resources	Utilization / "billable" ratios, blended labor rates, benchmark staffing ratios
Assets	Managed seat costs, recovery for assets
Rewards	Tied to management incentives at all levels

Culture

- ↓ Strong belief in internal expense management capability
- ↓ Decided preference for internal sourcing and control
- ↓ Expectation of managers to know / be engaged at a detailed level and be fiscally responsible

IT Governance Focus Areas



Risk Management

- Requires risk awareness of senior corporate officers, a clear understanding of the enterprise's appetite for risk and transparency about the significant risks to the enterprise
- Embeds risk management responsibilities in the operation of the enterprise
- Addresses the safeguarding of IT assets, disaster recovery and continuity of operations

34% of respondents have implemented, are considering implementing or are in the process of implementing this phase of IT governance.

Canadian Insurance Co: Risk Management

The Focus

IS Strategy

Development Projects

Operations Support

IS Governance Expenditures

Risk management is approached by selecting an acceptable risk level based upon the detailed assessments of exposure, probability of occurrence, compliance to legal or regulatory requirements and emerging industry good practice vs the cost of mitigating the risk.

Structure

Executive	Executive Committee sponsorship, Risk Committee oversight
Risk Management	IS Risk Management Office with focus on risk assessment, security, privacy, DR, compliance and process / quality management
Supplier Management	Vendor Relations Team focuses on leveraged purchasing and contractual risks

Internal Economy

- ↓ Governance improvements are structured as internal IS initiatives and compete for approval with business projects
- ↓ Scrutiny is also focused on the total expenditures on risk management activities

Methods & Tools

Risk Management	Formal Enterprise Risk Management Program
Security	COBIT, ISO 17799
Disaster Recovery	COBIT, E & Y maturity framework
Control	COBIT, COSO

Metrics & Rewards

Progress Results	Avoidance of major incidents (nonoccurrence, response), compliance levels, Security Performance Indicator
Rewards	Measured through initiative completions, domain level maturity assessments and audits

Culture

- ↓ Willingness to accept reasonable level of risk
- ↓ Risks must be explained in detail and target maturity levels justified
- ↓ Risk management viewed as overhead, value proposition is challenging

IT Governance Focus Areas



Performance Measurement

- Tracking project delivery and monitoring IT services
- Using balanced scorecards that translate strategy into action to achieve goals measurable beyond conventional accounting
- Measuring those relationships and knowledge-based assets necessary to compete in the information age: customer focus, process efficiency and the ability to learn and grow

34% of respondents have implemented, are considering implementing or are in the process of implementing this phase of IT governance.

Canadian Insurance Co: Performance Measurement

The Focus

IS Strategy

Development
Projects

Operations
Support

IS Governance
Expenditures

Performance measurement is an essential element of the management discipline to drive delivery, validate the effectiveness of business and I.S. strategy and to trigger management rewards based on company performance and individual contributions to its achievement.

Structure

Strategy	IS Executive Committee, ISFM, Process Management function
Development	IS Project Managers, IS Project Management Office
Operations	Account Managers, Service Delivery Managers, Service Management Process
Governance	Risk Management Organization, Internal Audit, Compliance Officers

Internal Economy

- ⇓ Measurement investments are reviewed along with other control costs
- ⇓ Measurement systems must demonstrate that control information is actionable and costs do not exceed the value obtained.

Methods & Tools

Strategy	IS Balanced Scorecard, COBIT
Development	Major Projects Review methodology
Operations	Operations Management Report by LOB, COBIT, ITIL
Governance	COBIT

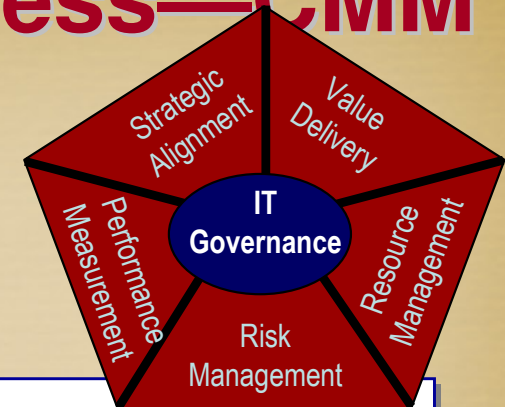
Metrics & Rewards

Metrics	Measurable outcomes are required for all management objectives
Rewards	Rewards and bonuses are only triggered when results are measured

Culture

- ⇓ Belief: "If you cannot measure it, you cannot manage it"
- ⇓ "Show me" culture, insistence on demonstrable results
- ⇓ "We deliver on our commitments"

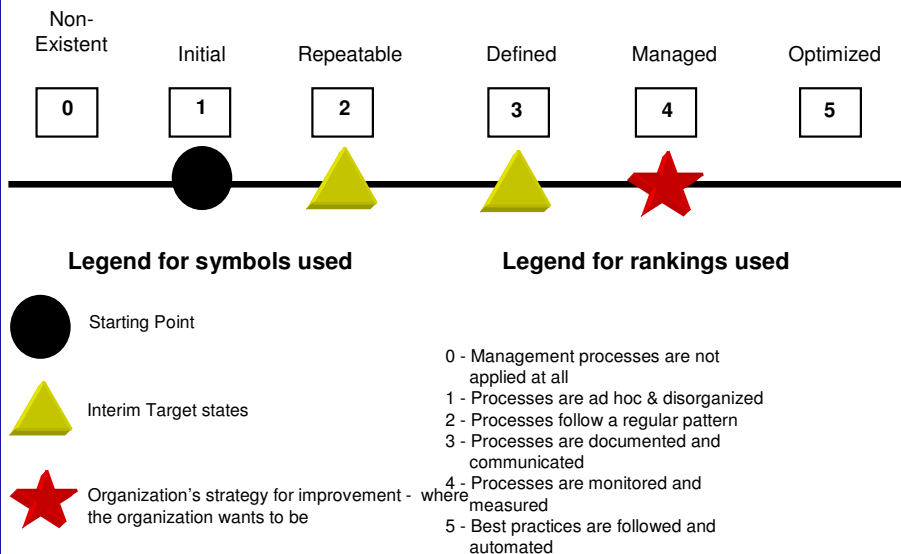
Canadian Insurance Co: Measuring Progress—CMM



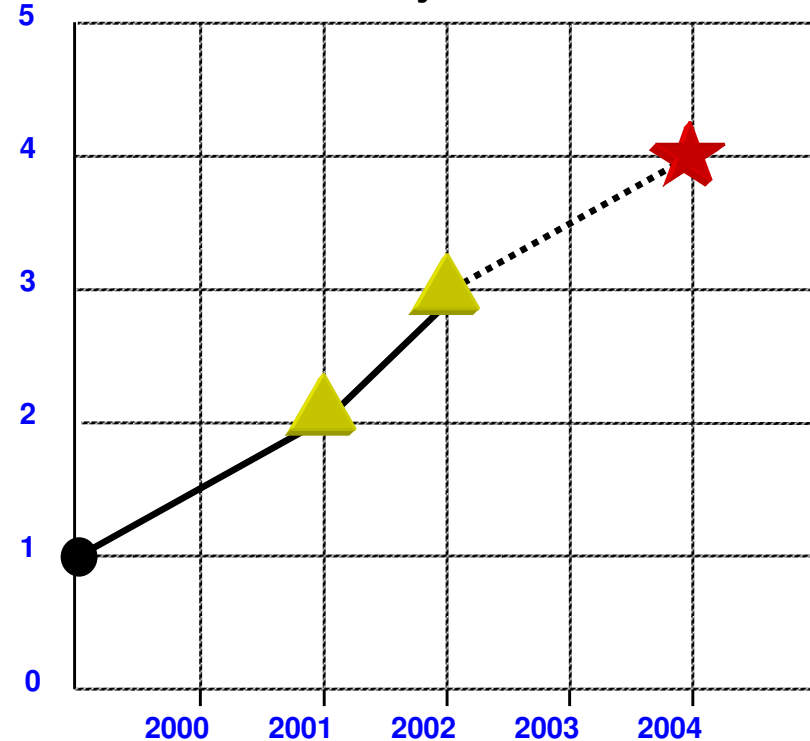
How far we've come...

I.S. Governance Assessment

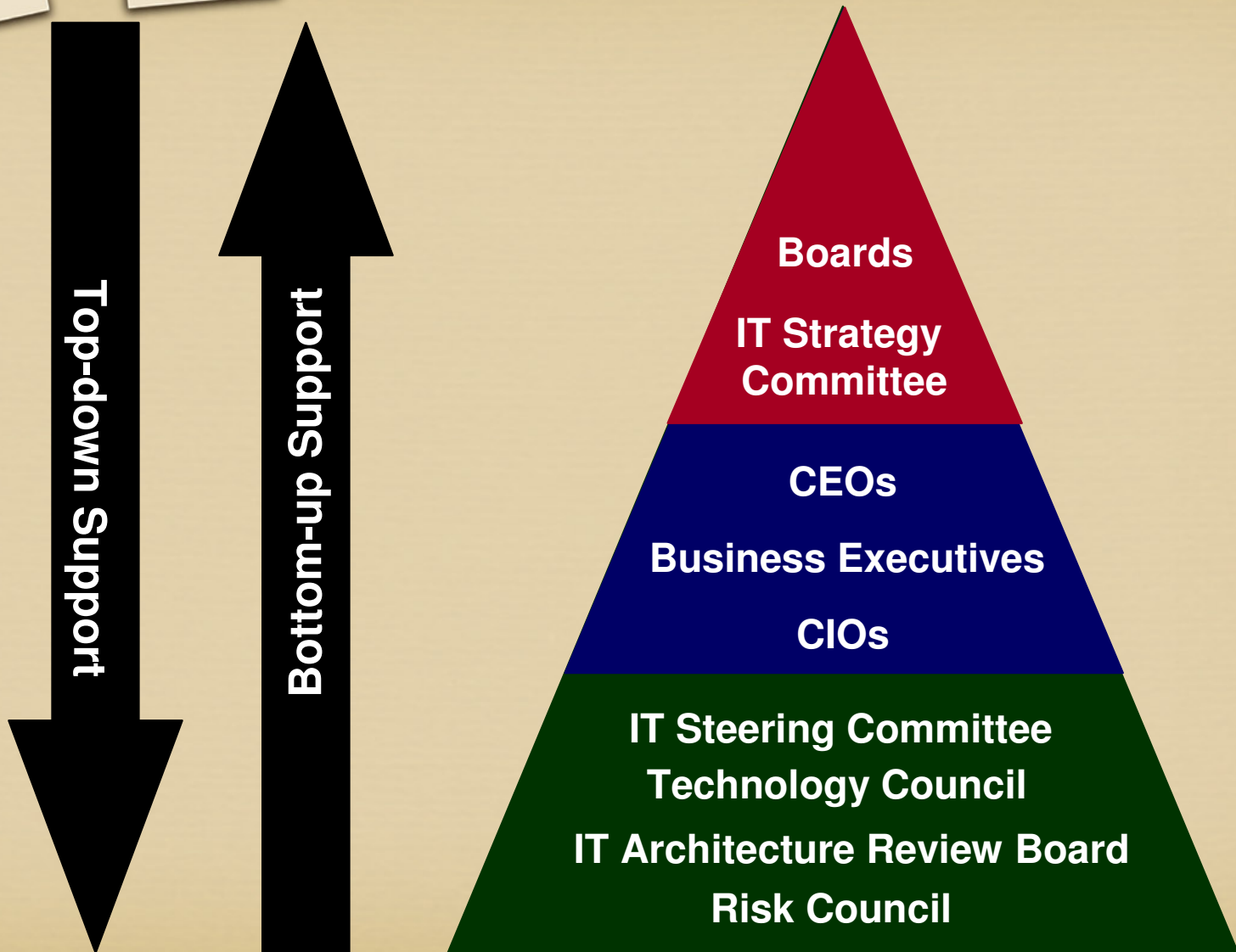
Maturity Model Applied: CobiT 3 Management Guidelines



GLI Governance Maturity

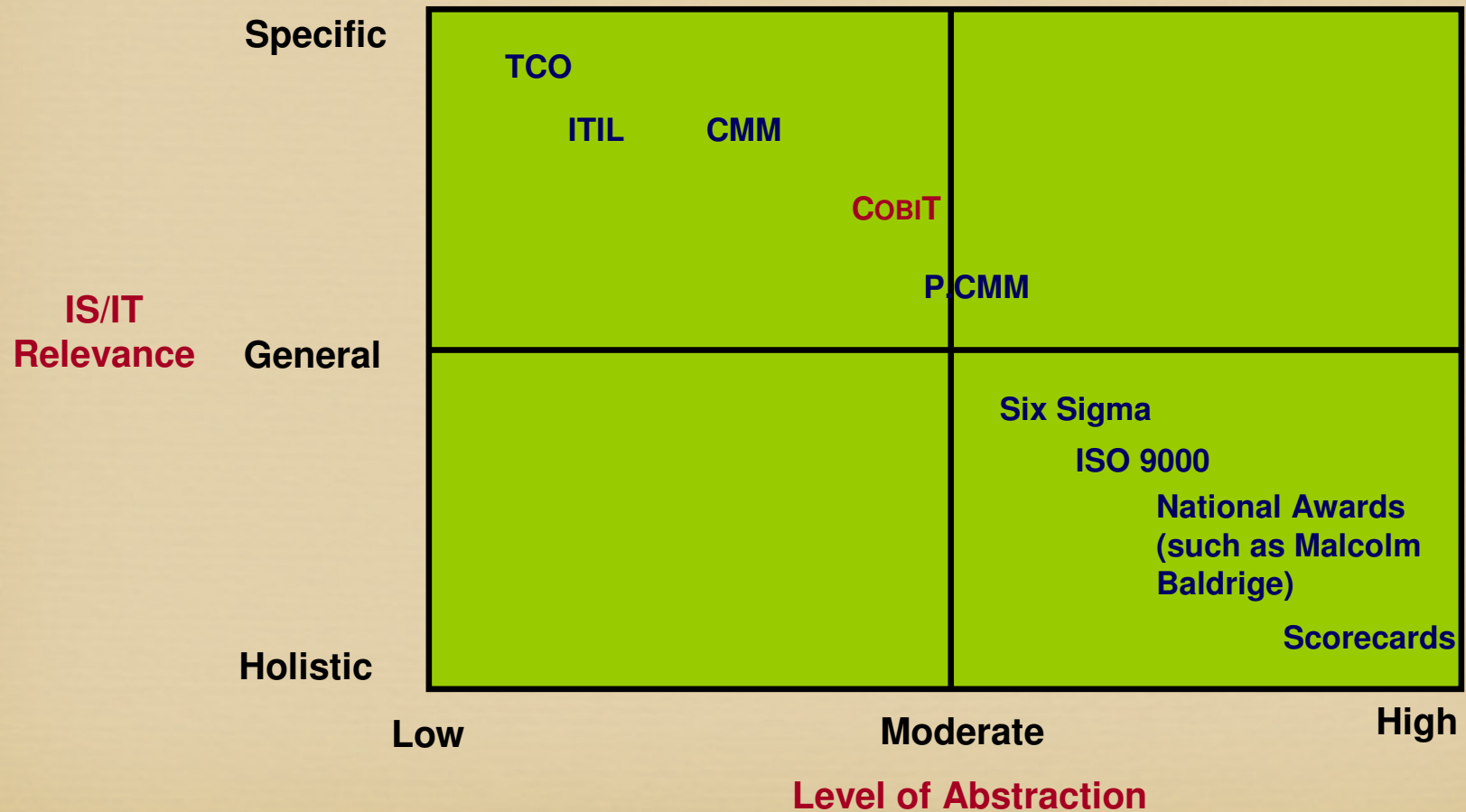


Implementation Guide: Roles and Responsibilities



Implementation Guide: Framework

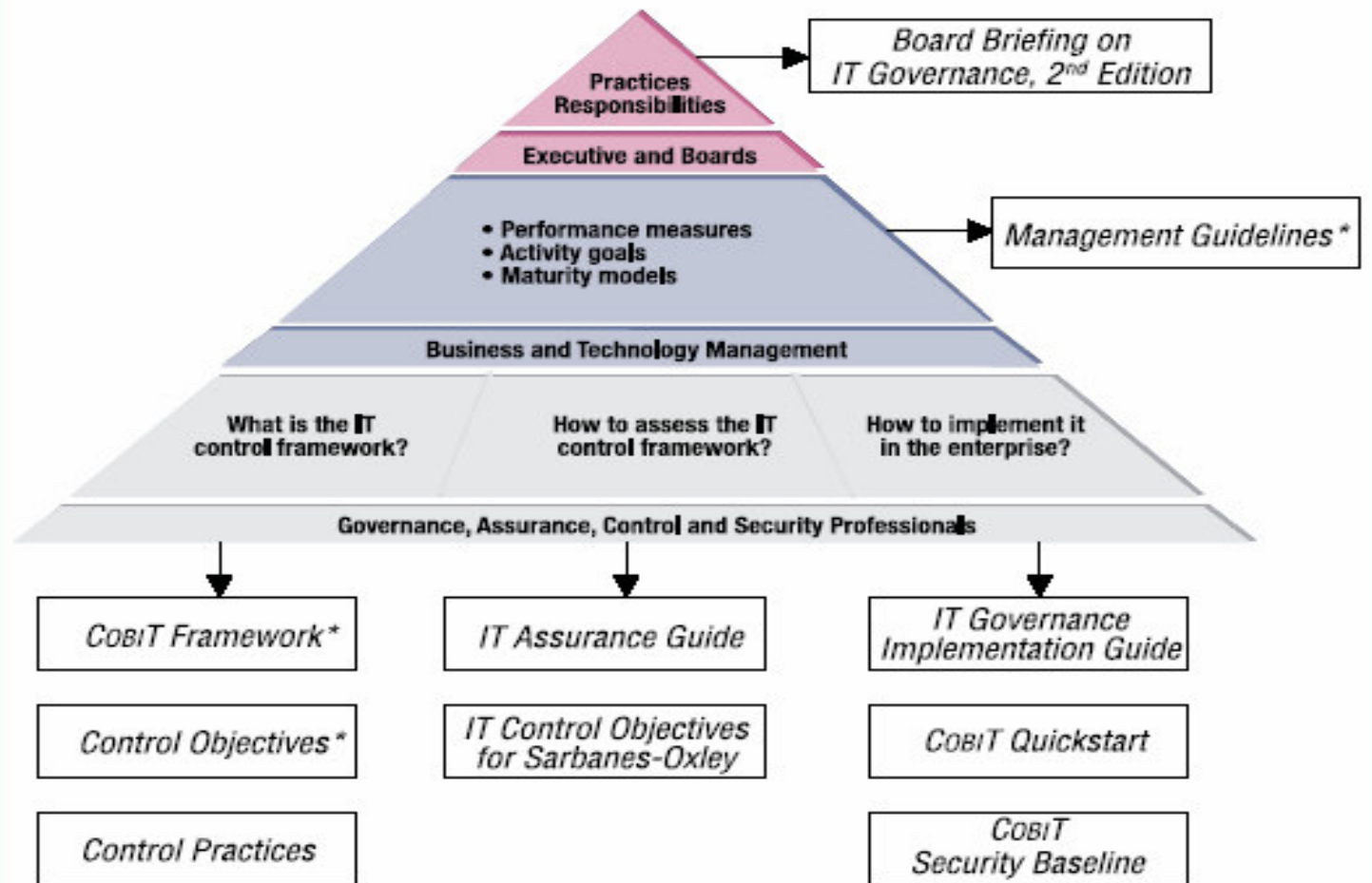
Model Selection Matrix



Source: Gartner Research, June 2003

Implementation Guide: COBIT

www.itgi.org



* Now integrated into COBIT 4.0



ISACA and ITGI

In five years, ISACA/ITGI will be:

- The **leading community of inspirational career and workplace support** to constituents in IT assurance, security and governance (ISACA), and
- The **leading reference on IT-enabled business systems governance** for the global business community (ITGI).



Branding

- ISACA:
Serving IT Governance Professionals
- ITGI:
Leading the IT Governance Community

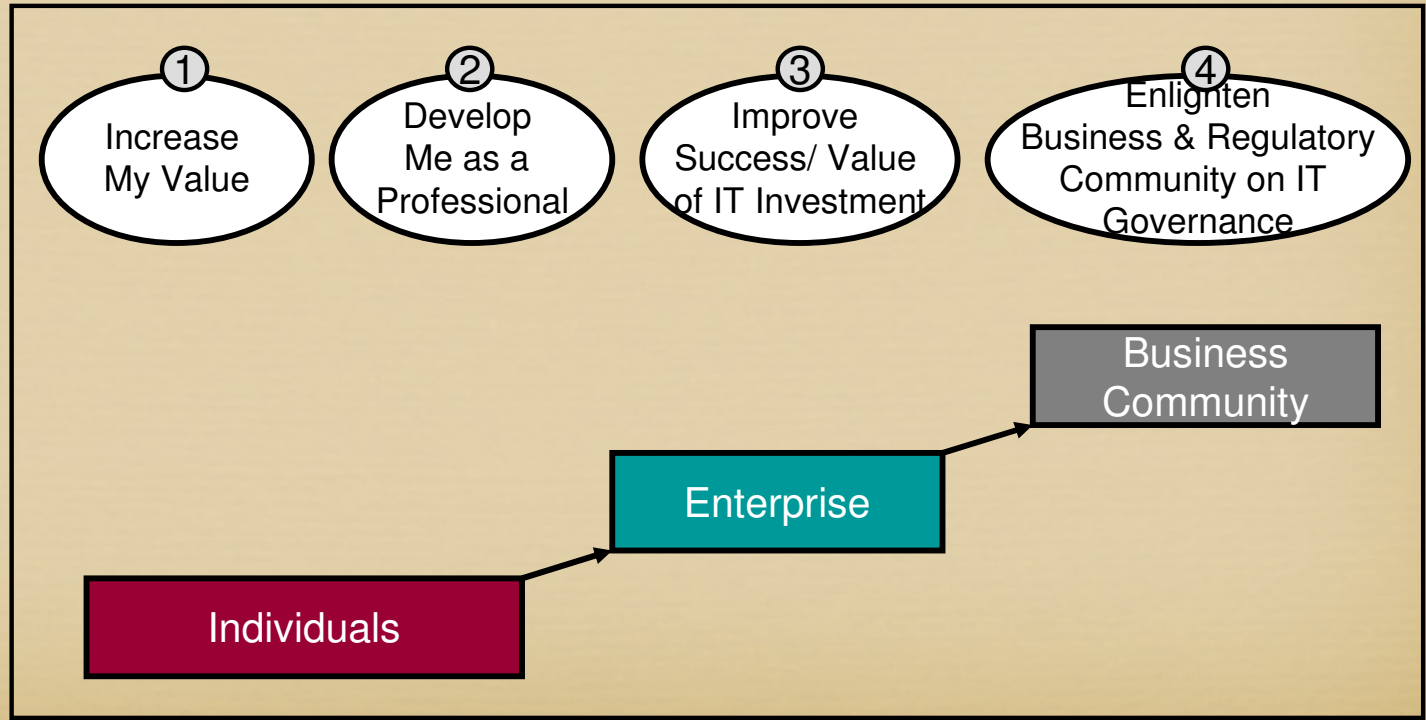


Strategy

	Assur	Sec	Gov
Exec & Bd			
Mgmt			
Pract			
Acad & Student			

What Our
Constituents
Want

Our
Constituents





ISACA and ITGI

- COBIT 4.0
 - Combines
 - Executive overview
 - Framework
 - High-level control objectives and detailed control objectives
 - Management guidelines and maturity model for each of the 34 process
 - Webcast posted on ISACA site



ISACA and ITGI

- Val IT
 - Governance of IT-enabled investments
 - Three initial publications:
 - *The Val IT Framework*
 - *The Business Case*
 - *The ING Case Study*



¡Gracias!

Everett Johnson, CPA

E-mail: *ecjohnson@isaca.org*

ISACA and ITGI International President

3701 Algonquin Road, Suite 1010

Rolling Meadows, IL 60008 USA

E-mail: *info@isaca.org, info@itgi.org*

Web site: *www.isaca.org, www.itgi.org*

¿Preguntas?