Issues at Hand

- Why IT Governance?
- What is IT Governance?
- Linkage IT Governance and Portfolio Management
- Linkage Portfolio Management/Governance and EA
- Project Generation Paradigm
- Concluding Comments
Why IT Governance?

- High IT Project Failure Rate
- ROI on IT
- Auditors
- Analyst Premium
- IT is key government and corporate enabler
- Sarbanes Oxley
- Demographics
- Technology chasing perception
About One-Third of IT Spending Improves Business Performance (Gartner)

Contribution to Improved Enterprise Performance

- IS Impact: 68%
- Business Impact: 32%

High

Med

Low (IT cost only)

- Infrastructure 47%
- Utility 21%
- Enhancement 21%
- Frontier 11%

Typical Portfolio of IT Investments

Share of Total IT Spending

(Business Alignment & Business Value)

(Info Systems Value)

(Courtesy Gartner Group Dec 2003)
What is IT Governance?

- Integral part of enterprise governance
- Directors and executive management
- Leadership, organizational structures and processes
- Accountability, Responsibilities and Authority
- Ensure IT alignment
IT Governance Processes

Set Objectives

Provide Direction

Compare

Measure Performance

IT Activities

How
Summary of Governance Best Practices
IT Governance and Portfolio Management

1 - Adopt a Project Portfolio Approach to IT Governance

2 - Develop a Tracking System

3 - Review Projects

4 - Establish Review Levels

5 - Culture of Ownership

6 – Clear IT Governance “process” is established
   - Clear accountability, responsibility and authority

7 - Adherence to Process
Enterprise Architecture (EA) and Portfolio Management

- Process of Management sterile in absence of context

- Need for Context
  - Skyscraper has an overall plan
  - Not designed and built one room at a time no matter how well managed

- Actually skyscrapers are partially built one room at a time
  - EA provides the basic floor plan and utilities lay-out
  - Provides basis for “out of context” design and planning

- In IT Enterprise Architecture provides context
  - Different levels of abstraction
# The Zachman Framework – An EA Model

<table>
<thead>
<tr>
<th>What</th>
<th>How</th>
<th>Where</th>
<th>Who</th>
<th>When</th>
<th>Why</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data</td>
<td>Process</td>
<td>Network</td>
<td>People</td>
<td>Time</td>
<td>Motivation</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Scope/Objectives (Board)</th>
<th>Business Architecture</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model of Business (CxO)</td>
<td>Business and Technical Architecture Transition</td>
</tr>
<tr>
<td>Description of IS (Designer)</td>
<td>Technology Architecture</td>
</tr>
<tr>
<td>Technology Model (Architect)</td>
<td></td>
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<tr>
<td>Detailed Description (Builder)</td>
<td></td>
</tr>
<tr>
<td>Implementation (Maintainer)</td>
<td></td>
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</tbody>
</table>

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IT Governance – Managing the Migration To a New Enterprise Architecture using Projects

Business Architecture (Existing)

IM/IT Architecture (Existing)

Business Transformation Plan And IM/IT Portfolio

Business Architecture (Future)

IM/IT Architecture (Target)
EA Enables Strategic Project Generation

EA enables proactive
Strategic Project Generation

Tactical Project Generation

Tactical IT Project
Tactical IT Need
Tactical Business Need

Strategic Business Needs
Strategic Enterprise Tech Arch
Strategic IT Project
Tactical IT Project
Tactical IT Need
Tactical Business Need
EA in Governance Ensures Strategic Fit
IT Governance Who

- **Board**
  - Board of Directors
  - IM/IT Strategy Committee

- **Executive Management – CEO**
  - Project Portfolio Management Board for all projects
  - Chaired by CEO
  - Heads of the lines of business including CIO

- **Committees – CIO**
  - IT Steering Committee – Chaired by CIO – All IT Projects
  - Technology Council - Impact
  - IT Arch Review Board – Standards/Conformance

- **IM/IT Strategy Committee**
- **Corporate Portfolio Management Board**
- **Information Management Advisory Committee (IMAC)**
Assessing the Projects - Metrics

- Principles
- CIO IM/IT Metrics
- CEO Strategic Metrics
- Applying the Metrics
Principles – The Initial Hurdle (A Real World Example using TOGAF)

**Business**
- Primacy of the principles
- Maximize the benefits
- Information management is everybody’s business
  - Business continuity
  - Compliance
- Adherence to Frameworks
- Common Use IM/IT Resources
- Interoperability

**Data**
- Data is an asset
- Adherence to XYZ data architecture
- Data quality trustee
- Common vocabulary and data definitions
- Data security

**Application**
- Adherence to XYZ application architecture
  - Ease of use

**Technology**
- Business requirements-based change
- Responsive change management
- Adherence to XYZ technology architecture

**XYZ IM/IT Principles**
Principles
The Project Charter’s First Hurdle

• Data Is an Asset
  • *Is Data being managed as a business asset??*

• Adherence to XYZ Data Architecture
  • *Does the project fit into the XYZ Data Arch?*

• Data Quality Trustee
  • *Does the project manage data quality?*

• Common Vocabulary and Data Definitions
  • *Will the project re-use corporate data standards?*

• Data Security
  • *Does the project cater to security concerns/policy?*
Principles – The Underlying Assumptions

- Existence of a Integrated Business Plan
- Business Participation and Ownership
- Existence of IM/IT Architectures
  - Data
  - Application
  - Technology
- Existence of Higher Level Governance
Performance Metrics/Assessment Criteria
A CIO Perspective

- IM/IT Value
- IM/IT Fit
- IM/IT Risk
IM/IT Value Metrics – CIO View

- Greater Customer Satisfaction
- Reduced Costs
- Increased Capability: Stability & Reliability
- Increased Capability: Compliance
- Increased Capability: Security
IM/IT Fit Metrics – CIO View

- **Current Business Environment**
  - Business ready?

- **Current Technical Environment**
  - The ability of the project to enhance the current environment.

- **Future Technical Environment**
  - The contribution of the project to the future (target) environment.
Implementation Risk:
More expensive than planned

Implementation Risk:
 Longer than planned

Operational Risk:
Project Will Not Complete
Strategic Metrics – A CEO Perspective

- IM/IT Value
- IM/IT Fit
- IM/IT Risk
Strategic Value – CEO Perspective

- Return on Investment from more ‘macro’ perspective.

- Clearly define the dimension of ROI for the environment. (e.g. cash, person-days, speed of delivery,…)

- CEOs assign broad values (low, medium or high)
  - **Short Term**: Return likely to be low, medium or high?
  - **Long Term**: may be no short-term benefit
Strategic Fit – CEO Perspective

- Strategic fit versus technical fit

- CEO seeks fit into the agency’s business strategy.

- CEO may modify CIO’s rating to reflect project’s longer-term fit with the corporate strategic direction
Risk is rated from a ‘macro’ perspective

- Risk is essential to remain competitive, just has to be managed

CEO regards risk from two perspectives:

- Economic Risk if corporate environment changes
- Organizational Risk if corporate organizational changes are pending
Applying the Metrics

- Project Assessment Sheet
  - CIO Perspective
  - CEO Perspective
- Value – Risk Quadrant
- PPMB Using Value-Risk
  - Generalized cases
  - Considering Project Status
## Project Review – CIO Perspective
(Actual Case Study)

### Project Name:

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Description</th>
<th>Value</th>
<th>Score</th>
<th>Weight</th>
<th>Wt Score</th>
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<tbody>
<tr>
<td><strong>IM/IT Value</strong></td>
<td><strong>Reduced costs</strong></td>
<td>10</td>
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<td>* Increased Capability:</td>
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<td>* Stability/Reliability</td>
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<td><strong>Greater Customer satisfaction</strong></td>
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<tr>
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<td></td>
<td><strong>Future Technical Environment</strong></td>
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<tr>
<td></td>
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<tr>
<td></td>
<td><strong>Operational Risk (will not complete)</strong></td>
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<tr>
<td><strong>Total:</strong></td>
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<td>1.0</td>
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**Project Score (Value + Fit – Risk):** 1.0
## Project Review – The CEO Perspective

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<td>1.0</td>
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</table>

**Project Score (Value + Fit – Risk):** 1.0

---

**Add:**
- Strategic Fit
- Economic Value
- Organizational Risk

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Projects in a Portfolio

- High Value, Low Risk
- Low Value, Low Risk
- High Value, High Risk
- Low Value, High Risk

Value

Risk

✓

X
Example of Tools Available
(Courtesy Gartner)
Portfolio Management Tools – 2
(Courtesy Gartner)
Implement an IT Governance Implementation Plan

**Steps**

- Set up a governance organizational framework;
- Align IT strategy with business goals,
- Understand and define risks,
- Define target areas,
- Analyze current capability and identify gaps;
- Define implementation strategies/activities
- Define implementation projects
- Measure results and repeat

**To assist in IT assessment, gap analysis and performance management**

- Control Objectives for Information and related Technology (CobiT)
- US FEAF Performance Reference Model
Great governance and great plans poorly implemented are useless

Great project management and poor plans and poor governance are useless

Project management IT Achilles Heel

Project Management Institute
  solid guidelines
  PMP designation

Project Management Centre of Expertise
  Corporate asset for all projects
  Very useful to increase success of projects
IT Governance Who and When

- IT Governance Maturity Model (IT Governance Institute)
  - 0 – Nonexistent: Management processes are not applied at all
  - 1 – Initial: Process are ad hoc and disorganized
  - 2 – Repeatable: Processes follow a regular pattern
  - 3 – Defined: Processes are documented and communicated
  - 4 – Managed: Processes are monitored and measured
  - 5 – Optimized: Best practices are followed and automated

<table>
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<td>3</td>
<td>4</td>
<td>5</td>
</tr>
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</table>

Current State: Industry BP
Operational Level Governance
IT Infrastructure Library (ITIL)

- Emerging Operational Level Management Framework
- Based upon “Best Practices” for sustaining IM/IT infrastructures
- Strategic Governance has to empower operational level managers
- Consists of following services:

  - Service Desk
  - Incident Management
  - Problem Management
  - Change Management
  - Release Management
  - Configuration Management
  - Service Level Management
  - IT Service Continuity Management
  - Availability Management
  - Capacity Management
  - Financial Management
Initiative Synchronization – It All Fits

**IM/IT Plans/Enterprise Arch**

- Write Plan
- Strategic IM/IT Vision
- Strategic IM/IT Arch
- IM/IT Priorities
- IM/IT Capability Implementation Schedule

**IM/IT Governance**

(Use Projects to Implement Scheduled Capabilities)

- Authority & Resources To Start
- Definition & Initial Estimate
- Authority & Resources To Plan
- Detailed Plan & Costing
- Authority & Resources To Execute
- Status Reports
- Transition Plan
- Transition/Sustainment Resources

**Project Management Framework**

- Initiate Project
- Plan
- Execute
- Closeout
IT Governance - Concluding Comments

- IT Governance part of overall Enterprise Governance
  - Manage IT like any other corporate asset
  - IT becoming key corporate value delivery enabler

- Existing body of governance knowledge
  - E.g. Information Technology Governance Institute, OECD
  - ITIL (UK Office of Government Commerce)

- Enterprise Architecture for
  - strategic alignment,
  - efficient resource management and
  - capability delivery

- Project Management to implement

- Incrementally move up Governance Maturity Model
We are Corporate CIO. Resistance is Futile. You will be assimilated.

• Governance is not always well received
• Involve business
• Be Tactful
Thank-you for your attention

Questions?

IM/IT Governance and Portfolio Management
Presented to: Open Group EA Conference Brussels

Robert (Bob) Weisman, Partner and Executive Consultant, EA Leader, CGI
Contact: robert.weisman@cgi.com or (613)566-4689