Managing the risks of ICT Governance

How AS8015 can help you keep out of trouble.

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The trouble with using ICT...

National Internet Banking is currently unavailable
2 August 2006
3 August 2006

Apology

- Recently Internet Banking has been experiencing some intermittent technical difficulties. Repeat attempts to log on should be successful so please try again.
- We are working closely with our suppliers to resolve the problems as quickly as possible.
- We apologise for the inconvenience caused and thank you for your patience and understanding.

Full service will resume as soon as possible.

Given the interruption to National Internet Banking, you may wish to utilise the National's other convenient services

National Telephone Banking
13 22 65 or International +61 3 8641 9886

It goes wrong - causing inconvenience...
The trouble with using ICT...

It goes wrong - causing reputation damage...

Eager fill in census early

Eager fill in census early

August 2, 2006

Australians are already filling out their census forms a week before the official count on Tuesday, calling into question the validity of the national survey.

Already 16,000 people have completed their forms online, despite pleas from the Australian Bureau of Statistics to wait until Tuesday when it hopes the entire nation will complete the survey.

The problem with filling out the forms early was that some people could be counted twice, if they completed their form and then visited friends or family on Tuesday, head of the census at ABS Paul Williams said.

It goes wrong - causing confusion...
The trouble with using ICT...

ICS bungle stalled cargo
Simon Hayes
JUNE 08, 2006

A DAMNING report on the botted implementation of Customs’ $200 million Integrated Cargo System found that the deback caused “severe short-term consequences” for cargo movement.

Accepting the recommendations of a report by consultants Bocz Alen Hamilton, chief executive Michael Carmody announced that he would appoint a new deputy chief executive to fix up the mess left in the wake of the ICS rollout.

“A’s clear from the report that things could have been done better.” Mr Carmody said. “We accept that and acknowledge that there are clear learnings for Customs in the implementation of large-scale projects.”

How do we prevent such problems?
IT Governance!

• Investment ensures that IT is doing its job competently
  - Rigour
  - Process
  - Control
  - Reporting

• But it’s not just in IT that problems develop:
  - Many business leaders STILL don’t engage:
    • Not responsible
    • Not setting direction
    • Not planning
    • Not implementing

Most work to date on IT Governance is actually IT Management.
IT Governance has to deal with how organisations USE IT as well as with how IT departments operate.

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Views on IT Governance: Peter Weill - Sloan Business School Centre for IS Research

- IT Governance – How Top Performers Manage IT Decision Rights for Superior Performance (2004):
  - Top performing enterprises generate **ROI for IT 40% greater** than competitors;
  - Above average governance-performing firms have **ROA more than 20% higher** than firms with poorer governance pursuing the same strategy;
  - The best predictor of IT Governance performance is the **percentage of managers who can accurately describe IT Governance**.

Vastly better results At substantially lower cost

IT Governance involves the entire organisation ...

Views on IT Governance: KPMG Global IT Project Management Survey (September 2005)

- Traditional measures of success (time and budget) are being superseded:
  - “Achieving benefits – keeping commitments – is now the key determinant of project success.”
- Since 2003, performance of projects has improved marginally:
  - Failure rates are still appalling;
  - Many organisations do not focus on realising or measuring benefits.
- “The key element (that makes some organisations more successful) appears to be an **appropriate governance framework** - to complement planning and prioritisation of activities and to help ensure execution controls are in place until benefits are realised.”
- “The board must put in place, through management, a **rigorous oversight framework** to monitor achievement of budgets, the meeting of timelines and to help ensure that the agreed benefits are realised. To achieve this, the board must receive the right information at the right time”.

Those responsible at the top of the organisation must govern...
So - how do we improve Corporate Governance of IT?

- Gartner says:
  - 75% of organisations have ineffective governance of IT;
  - They can't evolve – better to discard and rebuild!
  
  Mary-Anne Maxwell. IQPC IT Governance Summit May 2006.

- A good governance system:
  - Has clearly defined roles and processes;
  - Provides sufficient information to enable proper supervision;
  - Ensures that all critical activities are under control;
  - Enforces strict checkpoints so that problems are avoided;
  - Deals with problems when they arise;
  - Operates efficiently.

AS8015: The Australian Standard for Governance of ICT

- The System by which the current and future use of ICT is directed and controlled.
  - Includes strategies and policies for USING ICT.
  - Involves evaluating, directing and monitoring plans to support the organisation.

- Why?
  - Efficient, effective and acceptable use of ICT

- It means:
  - The Right People
  - Doing the Right Things
  - For the Right Reasons
  - In the Right Way
  - To get the Right Results.

AS8015 is now on fast-track to become an ISO standard!
AS8015 framework: Top level accountability and Principles to guide decision making.

Six Principles:
• Establish clearly understood responsibilities for ICT;
• Plan ICT to best support the organisation;
• Acquire ICT validly;
• Ensure ICT performs well, whenever required;
• Ensure ICT conforms with formal rules;
• Ensure ICT use respects human factors.

The principles address behaviour, not process.

Audience: The members of the most senior governing body of an organisation, and those who provide them with advice, information and assistance.

Testing IT Governance with AS8015 shows substantial scope for improvement
Most problem situations link to AS8015 Principles.

Perform

Conform

Responsibility

Improving Governance of IT: Follow Change Management Disciplines

- Change Management Rule 0 – Engage the right sponsor and involve the right people.

- Change Management Rule 1 – Communicate, Communicate, Communicate.

- Change Management Rule 2 – Measure, adjust, measure.

- Change Management Rule 3 – Start with the fundamentals.

- Change Management Rule 4 – Small steps, with clear objectives.

- Change Management Rule 5 – Keep communicating; keep measuring; keep improving.
Improving Governance of IT: Use AS8015 to guide top-level Policies.

- Enact the Principles
  - Start with Principle 1 - and assign responsibility for IT appropriately.
  - Board role: consultation and approval

- Govern the way projects and operations are conducted
  - Board role: awareness and monitoring conformance

- Govern the way people use the business systems and technology resources
  - Board role: part of user community.

Improving Governance of IT: Establish KPI's for the System of Governance

- All managers performing their proper role in the governance system and being responsible for ICT?
- Projects delivering outcomes as per their current business cases?
- Business systems operating at appropriate levels of performance and security?
- Adequate resources (people and equipment) considering business forecasts?

*Adapted from AS8015:2005 Corporate Governance of Information & Communication Technology*
Questions

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