

This Week's Issue
Browse All Issues
Search All Articles
Product News & Information
Company News & Information
General Feature Articles
News
Opinions

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Page(s) 44 in print issue

## Inside IT Governance

### How Governance Frameworks Help Create Visibility & Accountability In IT Organizations

As the relationships between IT and business grow ever more complex in today's enterprises, the need for a coherent, transparent organization framework has become a top priority. In the past decade, IT governance concepts have enjoyed increased adoption in organizations of all sizes, in turn helping both IT and non-IT executives to get a better handle on IT structure, decisions, projects, and other concerns. Further, they've helped enterprises stay on track with challenging compliance efforts.

"Companies are constantly looking for ways to ensure they are spending money smartly on projects that produce the most value for the organization," says Kriss Poll, principal at Innovar Partners. "IT has become a major cost center for companies. IT governance methodologies attempt to put a framework in place that captures and consolidates meaningful information from the working teams in order to quantify the urgency and value of each project to the organization, gather more detailed cost projections, and prioritize projects based upon that information."

#### ■ Language Lesson

Put simply, IT governance applies a common language to an organization to ensure that all departments are on the same page, which is particularly crucial for organizations that need to comply with regulations such as HIPAA, FISMA, GLBA, and others.

The complexities of both IT architectures and the regulations that surround them demand structure, and the lack of governance can leave IT organizations and the executives who interact with them in a rough spot. "IT without a common governance framework is like running a car factory where nobody knows whether English or metric measurements are being used," says Jonathan Feldman, IT services director for the City of Asheville, N.C.

A commitment to governance procedures doesn't necessarily mean locking in to a rigid structure that doesn't mesh with your organization's current environment. Frameworks such as COBIT (Control Objectives for Information and related Technology), ITIL (IT Infrastructure Library), and ITSM (IT Service Management) are designed to not only increase order in your current IT organization but also ensure that you consistently take the right path.

From a birds-eye view, these concepts can appear confusing and convoluted, but they can infuse a wealth of real-world tangible benefits. Brian Cleary, vice president of products and marketing at Aveksa ([www.aveksa.com](http://www.aveksa.com)), notes that these frameworks can provide a good baseline for IT risk management, for example.

"COBIT points out the prescriptive requirements for IT business controls such as segregation of duty requirements that ensure that a person's access rights don't create the possibility for fraud in a business transaction. With so much of business today being operationalized through technology and how quickly an IT risk can materialize into a substantial business loss, having the proper IT controls in place is critical for business assurance as well as meeting regulatory and industry mandate requirements," Cleary says.

Governance structures also work to create better visibility across IT organizations, notes Majid Iqbal, a director in the Technology Consulting practice at PricewaterhouseCoopers, explaining that COBIT and ITIL illuminate the flow of business by showing the actual value delivered to customers in one direction and the acceptable costs and risks in another direction.



Innovar principal, Kriss Poll

#### Key Points

- IT governance frameworks such as COBIT and ITIL work to create a common language among all primary departments in an organization to ensure compliance, security, and good decision-making.
- All enterprise departments, including IT, upper management, legal, human resources, and marketing, must play a part in governance to minimize risks associated with IT operations.
- Data systems need to be regularly audited to ensure that every branch in an organization has visibility into the IT infrastructure to deter-

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Browse All Issues
Search All Articles
Product News & Information
Company News & Information
General Feature Articles
News
Opinions

"With greater visibility comes better control," Iqbal says. "With better control comes the confidence to more dynamically allocate resources, to drive complex or large changes, and to commit higher levels of performance without adding avoidable and unacceptable risks, such as noncompliance, poor quality, unrecoverable costs, or major failures."

## ■ Create The Cast

A core idea behind governance is the need for more involvement in IT decisions by personnel outside of the IT organization. Although this might sound like a recipe for disaster to IT managers unfamiliar with governance, these tried-and-true frameworks effectively create an atmosphere that thrives on openness. And, like it or not, these methods are now practically unavoidable for organizations bound to comply with regulations.

"With data privacy concerns on the rise, it's becoming more essential than ever for every branch of a given organization—whether it's legal, human resources, marketing, or management—to be aware of the risks and liabilities associated with its IT operations. This goes for companies of all types and sizes. The consequences of data breaches have become far more severe and unforgiving in recent years," says Ron Whitworth, associate with Sullivan & Worcester.

He adds that there should be consistent open communication between IT managers, senior management, operations, and legal personnel so that the entire organization has a full grasp of applicable laws and that IT systems can comply with the requirements of those laws. Further, he recommends that organizations regularly audit their data systems so that each branch has visibility into the IT infrastructure and data control processes. From there, they can determine whether corrections are necessary to ensure that the appropriate preventive, detective, and corrective controls are in place to comply with regulations and meet security challenges.

"Being diligent with this process also greatly improves the organization's ability to quickly and effectively address security breaches. With technology evolving so rapidly and regulation increasing exponentially both at the federal and state level, the ability to respond in a timely manner to IT security requirements is a necessity," Whitworth says.

## ■ Beware Of Resistance

PricewaterhouseCoopers' Iqbal warns that policy resistance can creep into an organization that implements governance. He points to the example of an organization in which a business management system based on a proven industry framework was combined with a best-in-class application with sophisticated functions to reduce costs and risk in large-scale infrastructure projects.

"Senior leadership enacted policies that mandated the use of the system for all projects, with no exceptions. Guess what happened? The very opposite of what was desired, as most managers for various reasons either circumvented, ignored, resisted, or superficially used the system to comply with the mandate, leading to diminished quality of information, avoidable waste, and less-effective practices in project management. . . . Without a well-designed change management program, IT governance can be counter-productive," he says.

Innovar's Poll adds that IT governance has a bad reputation due to frameworks being run by people who do not understand IT. As a result, it can create the perception of a bureaucratic obstacle to getting work done. Further, she says that another frequent challenge with IT governance occurs when it isn't "visibly" sponsored by senior leadership. To meet with success, upper management needs to be vocal about the governance effort by using its information to make decisions, explaining its importance to the organization, and supporting key mid-managers who run it.

by Christian Perry

## Governance Guidelines

Implementing an IT governance framework is no small undertaking, but taking smart steps can make the entire process easier and help to ensure overall success. Kriss Poll, principal at Innovar Partners, offers the following tips for governance implementation.

- Recognize that a framework is just a guide, not the complete answer.
- Include cross-functional people in IT governance development.
- Develop a steering team that includes business personnel, not just IT people.
- Establish clear goals: What are you trying to accomplish and why? How will you measure projects and success?
- Recognize that a framework needs to fit the company culture.
- Over-communicate every step along the way: Question why you're doing this, get feedback, and genuinely listen to the feedback.
- Continue to learn and evolve after the implementation; this is not a one-time step.