Managing Business Value of IT

SQUARE TABLE – ISACA Netherlands Chapter Webinar

Presenter: Aamir Jamil, CISM, CGEIT

Director, GRC Simplified Limited

Webinar Speaker

Aamir Jamil, CISM, CGEIT
Director, GRC Simplified Limited, UK

Aamir is an IT Governance specialist. He is helping boards and executive management in ensuring value from IT-enabled investments.

He has had a long and varied career in IT-Governance, digital business transformation, ICT Strategy development, and Information/Cyber Risk Management. He has been described as trusted adviser with strong strategic and analytical skills, and has a track record of guiding businesses through the transformation process and ensuring value in business investments in IT.

The hallmark of his success is through communicating a clear vision, gaining support from stakeholders, and have the team members sing from the same song sheet to push towards the ideal state.

He is active member of ISACA, has served at the board of ISACA Chapters (Karachi, and Muscat), and regularly speaks at various seminars and forums regarding Information Security and IT Governance.

Reach him at aamir.jamil@yahoo.com

Why is it important to measure IT Value?

At a time when budgets are being continually squeezed, there is more pressure than ever to demonstrate the business value of IT.

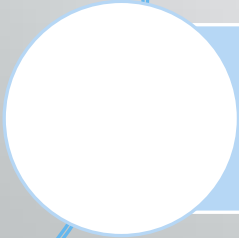How do you know if you are getting value for money from your IT investments?

How can you maximize the likelihood of success in your IT investment choices?

How can you tell if you need to make as much investment in IT as you are making now?

Agenda

Understanding Value

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Understanding Value

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What is Value?

- the monetary worth of something

- a fair return or equivalent in goods, services, or money for something exchanged

- relative worth, utility, or importance

- something (such as a principle or quality) intrinsically valuable or desirable

Definition of value

Nature of Value

It relies on:

- expectations of stakeholders
- the resources used to meet expectations.

It differs for:

- **Commercial Enterprises** – Increase in Profit, decrease in Cost
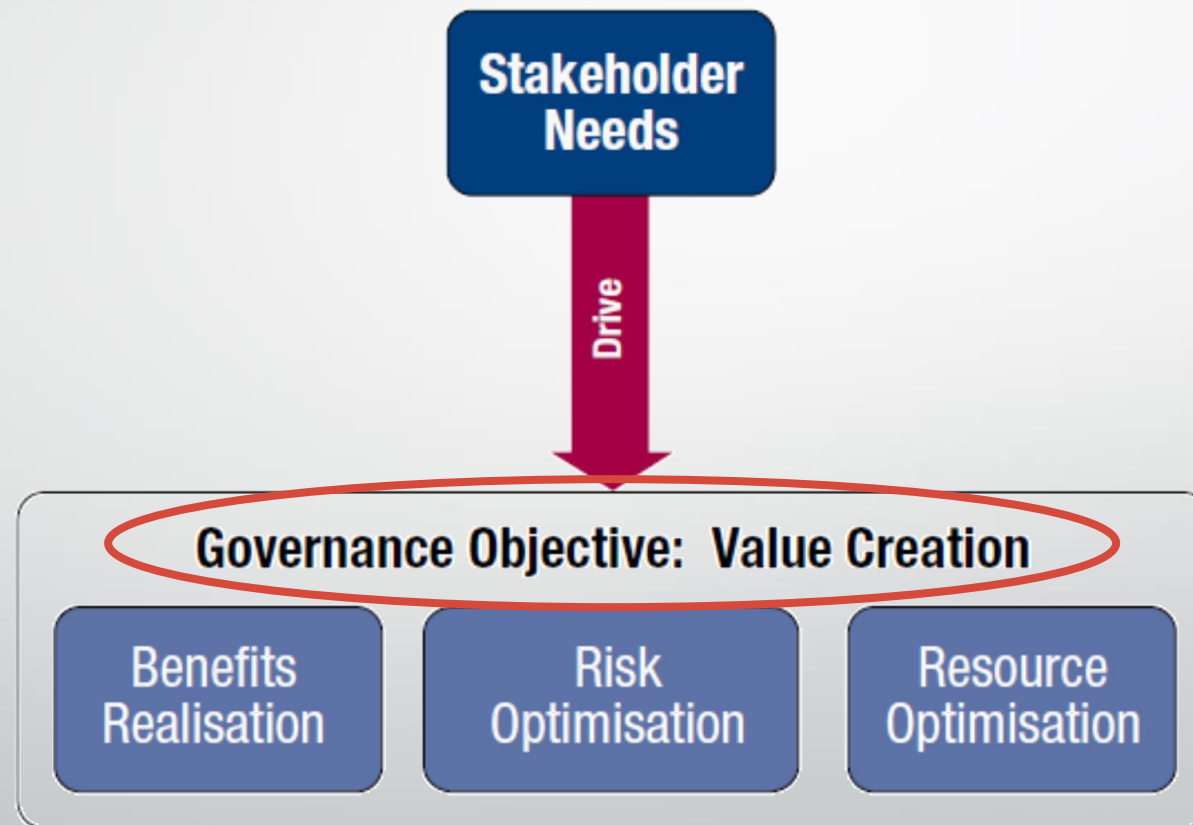- **Public sector** – achieving public policy outcomes

Value is:

- complex,
- context-specific
- and dynamic.

Value - IT Governance Context

The Fundamental Question?

Are we managing our investments in IT and getting:

*optimal value

* at an affordable cost

* with an acceptable level of risk

Common Boardroom Situation

Business executives

"I see what I am being asked to pay, but what value I will get?"

IT executives

"The business case I built was comprehensive and sensible, but the business executives did not see the value."

simplified
Governance – Risk – Compliance

And Sometimes . . .

When investments are not aligned.

Supporting Investment Decisions

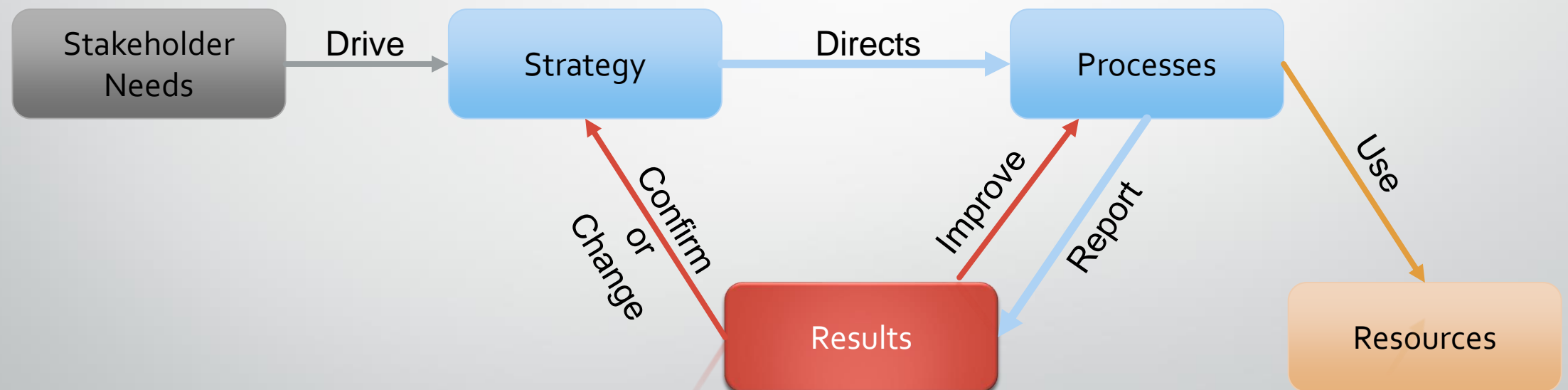Investment decisions need to be based on facts rather than politics, emotions, or guesswork.

Business needs clarity on:

- the degree of strategic alignment,
- the expected tangible and intangible business value
- the level of risk incurred.

Value Creation Process

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Lean Governance Model
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1. Agree on strategic goals.

2. Control IT investments.

3. Ensure project results.

4. Manage IT services.

5. Report IT performance.

Economic Lifecycle of IT Investment

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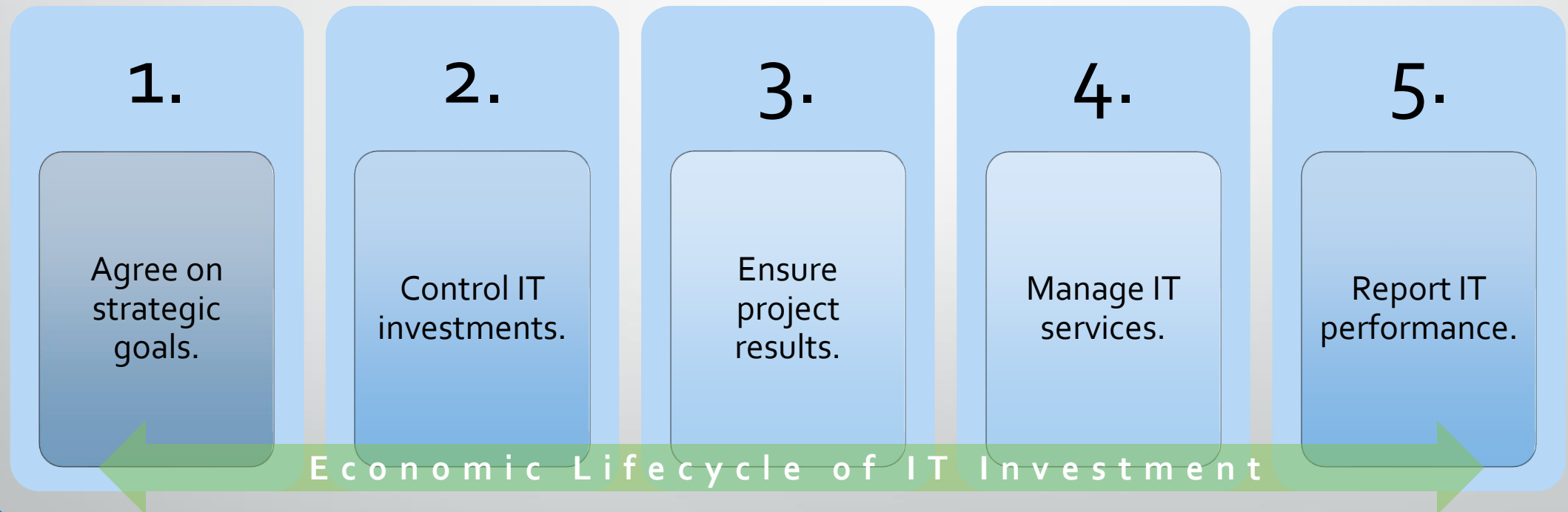
1. Agree on Strategic Goals

IT Strategy

Define strategies and tactics to deliver IT services in a transparent and effective manner.

Provide a clear understanding of IT opportunities and limitations for key stakeholders.

Assess current capability and resource requirements, and clarify the level of investment required.

COBIT Guidance on "Strategic Alignment"

APO02 – Manage Strategy

Key Management Practices

- APO02.01 – Understand enterprise context and direction.
- APO02.02 – Assess current capabilities, performance and digital maturity of the enterprise.
- APO02.03 – Define target digital capabilities.
- APO02.04 – Conduct a gap analysis.
- APO02.05 – Define the strategic plan and road map.
- APO02.06 – Communicate the I&T strategy and direction.

2. Control IT Investments

Manage the portfolio of IT investments, ensuring that it contains programs that have solid <u>business cases.</u>

Establish fair, transparent, repeatable and comparable <u>process for evaluation</u> of business cases.

Categorize portfolio based on alignment, cost, and degree of risk,.

Prioritize the allocation of IT resources to maximize the return on the investments.

Establish a process to engage stakeholders in effective and efficient IT investment decisions.

COBIT Guidance on "Control IT Investments"

APO05 Manage Portfolio

Key Management Practice

- APO05.01 – Determine the availability and sources of funds.
- APO05.02 – Evaluate and select programs to fund.
- APO05.03 – Monitor, optimize and report on investment portfolio performance.
- APO05.04 – Maintain portfolios.
- APO05.05 – Manage benefits achievement.

3. Ensure Project Results

It is necessary to control the individual projects as well.

Ensure the value and quality of project deliverables, and maximizes their contribution to IT-enabled investment programs.

PMO

Establish project governance structure

Ensuring project risks are managed

Resolving resource requirements and conflicts.

ensuring stakeholder participation.

COBIT Guidance on "Managed Projects"

BAI11 – Managed Projects

Key Management Practice

- BAI11.01 Maintain a standard approach for project management.
- BAI11.02 Start up and initiate a project.
- BAI11.03 Manage stakeholder engagement.
- BAI11.08 Manage project resources and work packages.
- . . . . . .
- BAI11.09 Close a project or iteration.

4. Manage IT Services

The value | for the business | lies
in the resultant IT services
delivered, | and | how they are
effectively managed | at levels
that satisfy | business requirements
in alignment with
the business strategy.

Manage services by identifying service requirements, and agreeing on service levels.

Provide timely reports of accomplishment of service levels to stakeholders.

enable alignment between IT services and the related business requirements.

Regularly review SLAs and ensure they are updated for any change in business requirements.

COBIT Guidance on "Service Management"

APO09 Manage Service Agreements

Key Management Practice

- APO09.01 – Identify I&T services.
- APO09.02 – Catalog I&T-enabled services.
- APO09.03 – Define and prepare service agreements.
- APO09.04 – Monitor and report service levels.
- APO09.05 – Review service agreements and contracts.

5. Report IT Performance

"Are we getting the benefits?"

The business stakeholders need to understand the return on IT-enabled investments.

Without measuring and reporting performance, the IT value proposition cannot be recognized.

Establish framework for measuring IT's contribution to the business.

Measure performance against business objectives.

Provide reporting that is systematic and timely.

Analyze deviations and implement remedial actions.

COBIT Guidance on "Performance Management"

MEA01—Managed Performance and Conformance Monitoring

Key Management Practice

- MEA01.01 – Establish a monitoring approach.
- MEA01.02 – Set performance and conformance targets.
- MEA01.03 – Collect and process performance and conformance data.
- MEA01.04 – Analyze and report performance.
- MEA01.05 – Ensure the implementation of corrective actions.

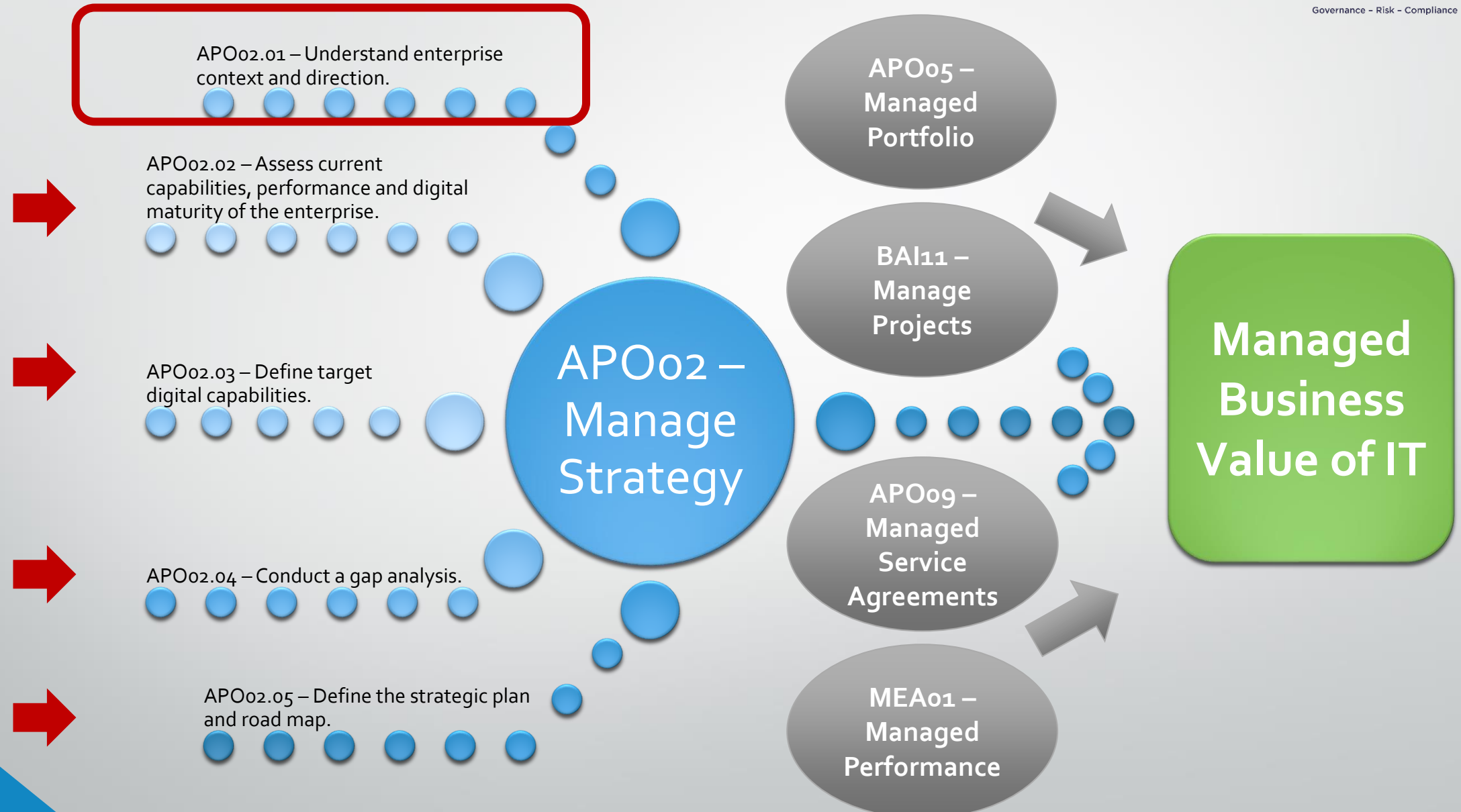# Selecting Activities & Target Capability

Key Practice

- **APO02.04 – Conduct a gap analysis.**

- Example Metrics:
    - a. Number of high-impact changes required in the different enterprise architecture domains
    - b. Number of significant gaps between current environment and good practices

Activities

- 1. Identify all gaps and changes required to realize the target environment.

- 2. Describe high-level changes in enterprise architecture (business, information, data, application and technology domains).

Capability Level 3

- 3. Consider the high-level implications of all gaps. Assess the impact of potential changes on business and I&T operating models, I&T research and development capabilities, and I&T investment programs.

- 4. Consider the value of potential changes to business and IT capabilities, I&T services and enterprise architecture, and the implications if no changes are realized.

Capability Level 4

- 5. Refine the target environment definition and prepare a value statement outlining benefits of the target environment.

APO02.01 – Understand enterprise context and direction.

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APO02.05 – Define the strategic plan and road map.

APO02 – Manage Strategy

APO05 – Managed Portfolio

BAI11 – Manage Projects

APO09 – Managed Service Agreements

MEA01 – Managed Performance

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Way Forward – How does it work?

Establish Good Governance of IT

Establish governance structure (IT Investment Committee).

Allocate responsibility, authority and accountability in line with decision-making model.

Define the information required for informed decision making.

Enforce compliance with ethical and professional behavior.

GRC Simplified Limited.
Consultants & Trainers

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thank you!

Send your questions to: aamir.jamil@yahoo.com