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Using IT governance to ensure top performance

(This is an abridged version of the full report which is available for purchase. The 60 page report may be used throughout your company.)

“In order to capture the full extent of benefits IT governance can deliver, organisations need to see IT governance from a more holistic perspective instead of just from a control perspective.”

PricewaterhouseCoopers



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Executive summary - Using IT Governance to ensure top performance

(This is an abridged version of the full report which is available for internal use within your company.)

“IT is essential to manage transactions, information and knowledge necessary to initiate and sustain economic and social activities. These activities increasingly rely on globally cooperating entities to be successful. In many organizations, IT is fundamental to support, sustain and grow the business.”

IT Governance Institute

www.itgi.org

IT Governance is a subset discipline within the company's corporate governance business framework & strategy which aligns IT initiatives & practices with the objectives of the business

What is IT Governance, its objectives & purpose?

- IT Governance is an integral part of enterprise governance and is the responsibility of the board of directors & executive management
- IT Governance describes how the individuals that are responsible for the governance within an organisation consider IT in their supervision, monitoring, control & direction of the organisation
- The overall objective of IT Governance is to understand IT issues & the strategic importance of IT in order to ensure that the organisation can sustain its operations as well as implement those strategies necessary to extend its activities into the future
- The purpose of IT Governance is to manage IT initiatives in a manner that ensures that IT performance meets the following objectives, inter alia:
 - alignment of IT with the organisation in order to realise expected benefits
 - deliver value to the business & mitigate IT risks
 - enable the organisation to exploit opportunities & maximize benefits

“Today’s CEO must cooperate with the CIO to more consciously manage results and risks which can be influenced by IT.”

2008 Survey on the IT-Business Balance - Deloitte

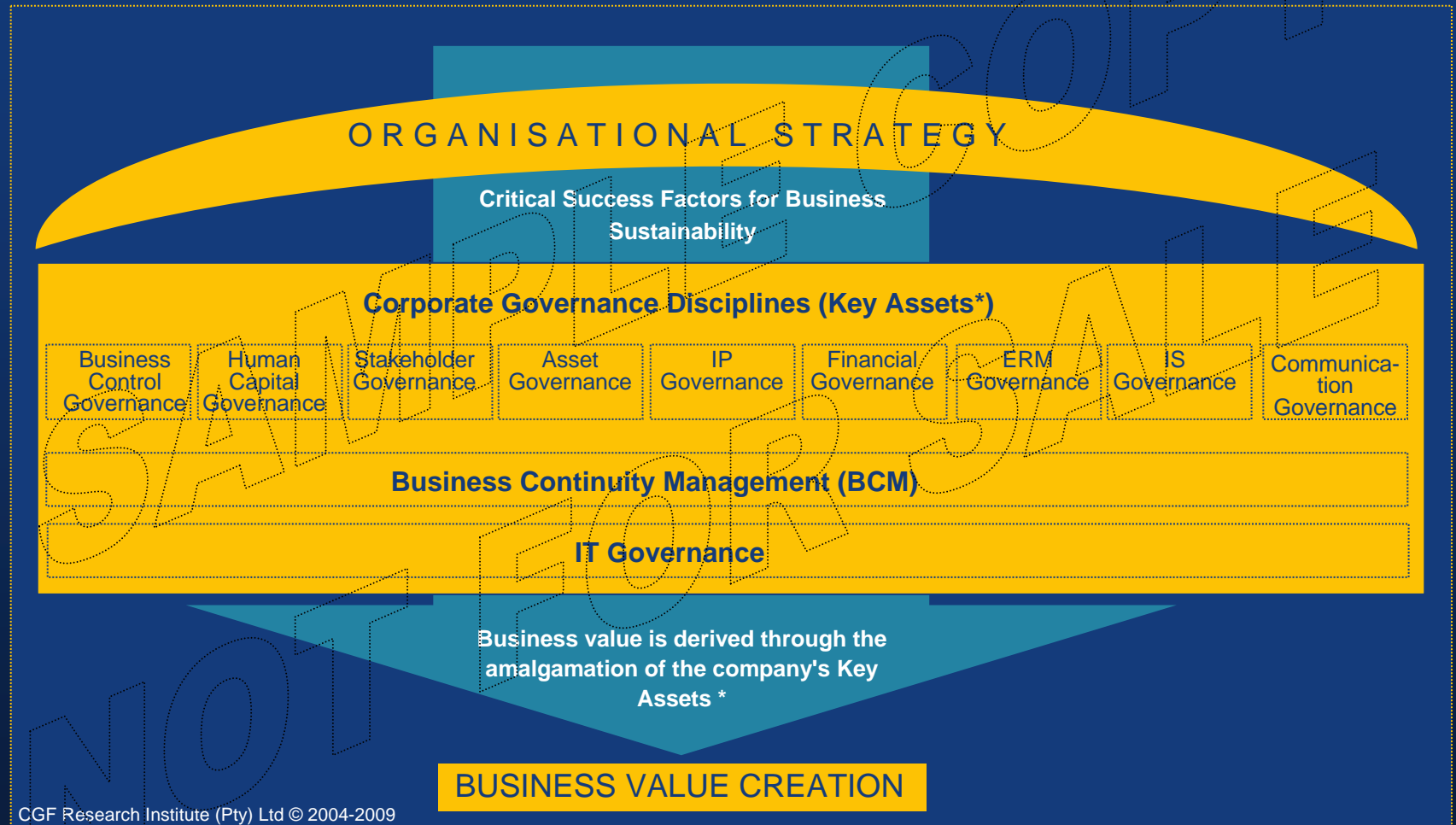
Where IT Governance is embraced, companies are able to enhance their business strategy & operations

IT Governance: Embraced

- Increasingly, management realises the importance for:
 - business agility & therefore are becoming more demanding for value within their IT environments
 - involving themselves within the IT value chain - this being a fundamental key to unlocking business value & strategic benefits
- By optimizing the use of IT & the governance thereof, companies:
 - provide a platform to garner the collective support of its employees toward a shared company vision, strategy & objectives
 - report the ability to harness the wide-ranging experiences & skill-sets of their employees for the optimum benefit of the company
- IT has become an essential means to enhance the performance of a company & its competitiveness through inter alia:
 - efficiency
 - innovation
 - growth
 - customer responsiveness
 - business integration
 - ❖ it is important that the company includes Business Continuity Management (BCM) as a component within its strategy to ensure the above elements of the business are adequately covered, thereby providing uninterrupted business operations
- Where IT Governance is disregarded, companies run the risk of a dysfunctional business strategy leading to potential loss of profits

IT Governance should be an integral part of the company's corporate governance disciplines which, when governed correctly, creates business value

IT Governance: Enabling the business



IT Governance and the effective application of an IT Governance framework, is the responsibility of the board of directors & executive management

Whilst the use of IT is already critical to the success of organisations, potentially it may become *the major driver of economic wealth in the 21st century*

Why is the use of IT so important?

- IT enables organisations to, amongst others:
 - manage the organisation's resources
 - sustain business operations
 - grow & innovate the business
 - achieve future objectives & long-term sustainability
 - deal efficiently & effectively with customers & suppliers
 - increase transactions across the world
 - record & disseminate business knowledge & information
- To continuously improve their IT performance, organisations must manage IT in the same manner as all other business functions

Why is IT Governance so important?

- Whilst the global, networked economy has resulted in more efficient markets, streamlined many processes & optimised supply chains, it has also created new business risks & requirements
- Given the risks & requirements associated with the networked economy, organisations are obliged to become more agile and manage IT in a more effective & transparent manner, in line with the general governance requirements within the organisation
- Those responsible for governance within an organisation ought to review the extent to which the business relies on IT and the extent to which IT is the enabler of the organisation's strategies
- The governance of IT is essential, since:
 - IT is critical in supporting & enabling the business strategy & it's goals
 - IT is strategic to the growth of, and innovation within the business
 - in cases of mergers & acquisitions, IT due diligence is commonly required

Since IT Governance responsibilities form part of the broad framework of corporate governance, it is essential that *boards address IT in an effective way*

What can be done by boards to ensure effective IT Governance?

- The board is responsible for, amongst other:
 - reviewing & guiding corporate strategy
 - setting & monitoring management's performance objectives
 - ensuring the integrity of the organisation's systems
- Those responsible for the governance of an organisation ought to put in place a governance framework that ensures:
 - sound strategic guidance of the organisation
 - effective monitoring of management by the board
 - board accountability for the organisation and to the shareholders
- IT should be addressed like all other strategic issues by the board and the board must be clear about it's own & management's responsibilities with regard to IT. To this end, the board ought to have a system in place to:
 - enforce responsibilities relating to the alignment of IT with the business strategies & its use across all activities within the organisation
 - manage business risks associated with IT
 - verify the value derived by the use of IT throughout the organisation

The focus areas for IT Governance are all driven by stakeholder value and can only be effectively managed if performance is measured

How to order this report

Report name: Using IT Governance to ensure top performance

Pages: 60

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