



Chap 3: Major in IT Governance

[Tar] Part 2

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Five major drivers of IT governance are



1. The search for **competitive advantage** in the dynamically changing information economy through intellectual assets, information, and IT
2. **Rapidly evolving** governance requirements across the Organization for Economic Cooperation and Development (OECD), underpinned by capital market and regulatory convergence
3. Increasing information- and privacy-related legislation (**compliance**)
4. The proliferation of threats to **intellectual assets, information, and IT**
5. The need to **align technology projects with strategic organizational** goals, ensuring they deliver planned value (project governance)



Key characteristics of the global information economy



- ❖ Information and knowledge are not **depleting resources to be protected**; on the contrary, sharing knowledge drives innovation.
- ❖ **Effects of location and time are diminished**—virtual organizations now operate around the clock in virtual marketplaces, and organizations based on East Coast America manufacture in China, handle customer support from India, and sell globally through a single web site.
- ❖ Laws and taxes are difficult to apply effectively on a national basis, as knowledge quickly shifts to low-tax, low-regulation environments.
- ❖ Knowledge-enhanced products command price premiums.
- ❖ Captured knowledge has a greater intrinsic value than knowledge on the hoof.



ICT makes revolutionary business models⁵



- ❖ Instant messaging, voice over IP, spyware, and sequential autoresponders are technologies as disruptive as
- ❖ Customer response management (CRM)
- ❖ Human resource management (HRM)
- ❖ Enterprise Resource Planning (ERP)



GOVERNANCE CONVERGENCE



- ❖ OECD Principles of Corporate Governance (1999)
- ❖ Sarbanes-Oxley (SOX) (2002)
- ❖ Bank for International Settlements (BIS) with risk management



STRATEGIC AND OPERATIONAL RISK MANAGEMENT



Strategic risk:

the enterprise-level risk of a negative impact on earnings or capital arising from an organization's future business plans and strategies, improper implementation of decisions, or lack of responsiveness to industry changes.

Includes:

- plans for entering new businesses;
- expanding existing services;
- acquisitions, and divestments; and
- Enhancing the infrastructure.



REGULATORY COMPLIANCE



- ❖ There is international, foreign, and industry specific legislation and regulation
 - Copyright, digital rights, computer misuse, and electronic trading legislation are changing rapidly,
 - and money laundering, proceeds of crime, human rights, and freedom of information legislation all add to the confusion.



IT GOVERNANCE FRAMEWORKS



- ❖ **Control Objectives for Information and Related Technology (CobiT)** is “increasingly internationally accepted as good practice for control over information, IT, and related risks. Its guidance enables an enterprise to implement effective governance over IT
- ❖ **Committee of Sponsoring Organizations (COSO)** of the Treadway Commission is an integrated framework for internal control.
- ❖ **ISO 17799:2005** is the international code of best practice for information security, and ISO 27001:2005 is the standard against which an organization’s information security management system can be certified as conforming.
- ❖ **Information Technology Infrastructure Library (ITIL)** is an integrated set of best practice recommendations for IT management. ISO 20000 is the world’s first standard for IT service management, and it is heavily based on ITIL.



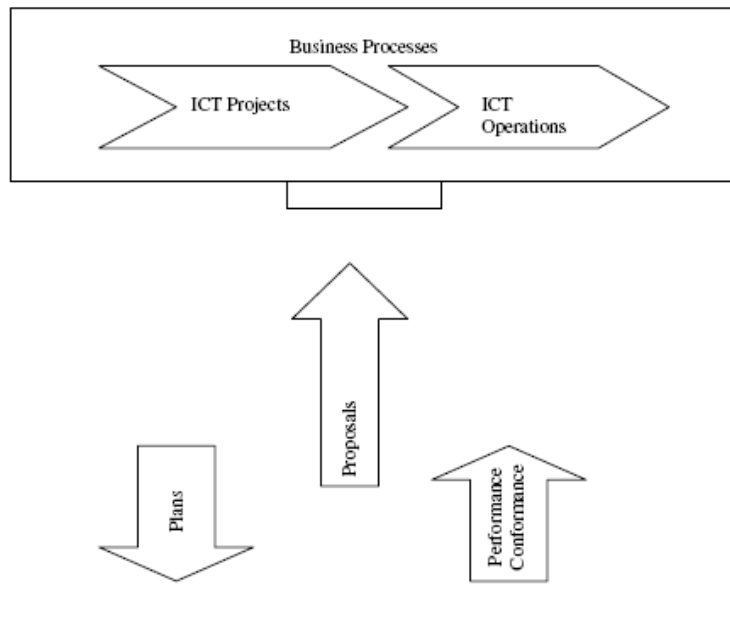
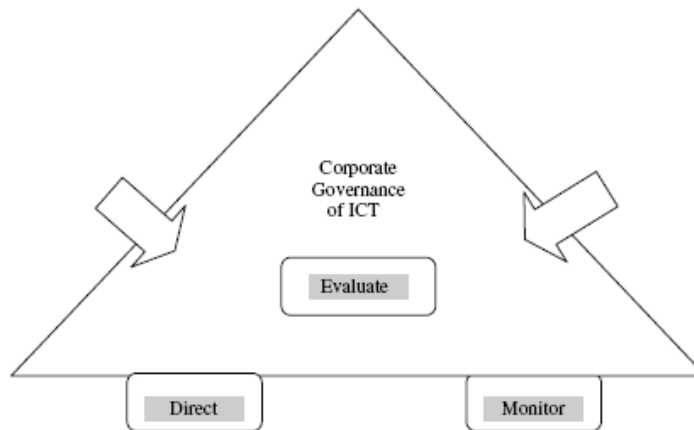
AS 8015-2005



- ❖ The one formal IT governance framework that does recognize the essential nature of the board's role is AS 8015-2005, the Australian standard for the corporate governance of information and communication technology
- ❖ six simple principles for “good corporate governance f IT”
 1. Establish clearly understood responsibilities.
 2. Plan ICT to support the organization.
 3. Acquire ICT validly.
 4. Ensure that ICT performs well whenever required.
 5. Ensure ICT conforms with formal rules.
 6. Ensure ICT respects human factors.



AS 8015-2005: MODEL FOR CORPORATE GOVERNANCE OF INFORMATION AND COMMUNICATION TECHNOLOGY





IT GOVERNANCE—THE IMPLEMENTATION CHALLENGE



- ❖ The Calder-Moir Framework
- ❖ Zachman IT architecture framework
- ❖ Togaff IT architecture framework
- ❖ Baldrige quality criteria.