



The Infonomics IT Governance Letter

March 2006

Information, news and views on Corporate Governance of
Information and Communications Technology

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Welcome to the Infonomics IT Governance Letter

What a month! Where do I start? Perhaps at the end, working back...

As I write this introduction to the March IT Governance Letter, I am sitting in the Qantas Club lounge in Auckland, awaiting QF134 for the run to Melbourne. Over the past week, I've had the pleasure of talking about Australia's world leading standard for IT Governance with audiences in Brisbane, Canberra (twice), Wellington and Auckland.

During the course of the week, I've linked in with a serious push to internationalise AS8015, and seen indications that Australian governments have seen the value in the standard. I've explored the matters relating to the Australian Customs Imports system further, and started to wonder more about what the Australian Tax Office is doing.

Earlier in March, Infonomics has been delighted to establish new relationships and to establish sponsorship arrangements for the IT Governance Letter. And we have moved forward on a plan to have the issues of IT Governance debated at the highest levels of Australian business.

We may well write 2006 as the year in which corporate governance of ICT came of age and became a core element of how organisations

operate. We hope that the high levels of interest shown in the past few weeks continues.

Our one disappointment during the month has been the lack of response to the 2006 readiness diagnostic. Only one response was received. That's not enough to enable us to complete any sort of modelling exercise, so we find we are not able to deliver on our previous offer. But our disappointment there is mitigated by the confirmation from some quarters that people and organisations have completed the questionnaire themselves, and have learned from it. We sincerely hope that as a result, their success rate will improve, and that if nothing else, they will remind others that Infonomics can and does help organisations achieve better performance.

Meanwhile, we hope that you find this month's edition interesting, and that you will stay with us as we ride the wave of interest and grow Infonomics into the world's leading independent advisor on corporate governance of ICT.

Mark Toomey
19 March 2006

Read On...

To read The IT Governance Letter, select the pieces you want to read from the menu at left. Or just click on the "next" button at the bottom of each page to read from start to finish. We don't expect that you will read the entire letter in a single sitting. Each topic is self contained, so you may find it worthwhile to read a bit now, and come back later. Whichever way you choose to use it - we hope you enjoy it.

And if you'd like to tell us what you think, please click on the feedback button, which is in the panel at left.

If you prefer to print and take away, we've also prepared this portable, printer-friendly version. Please be aware that, for the time being, we don't have the means of putting active hyperlinks into the PDF, so if something says "click", we mean in the web-based version.



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Headlines and Contents – March 2006

A Tax(ing) Plan for 2007?

Page 3

Just on a year ago, Infonomics spoke to an assembly of company directors and senior executives at a NSW Branch meeting of the Australian Institute of Company Directors. We

referred to the then recent announcement that the Australian Tax Office had commissioned Accenture to deliver a new software system to operate the nation's tax collection process.

Your outsource partners – committed to your success?

Page 6

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better job of delivering IT services than one for which IT was not core business. By better, we mean faster, more effectively, and at a lower cost.

Australian Customs – The Saga Continues

Page 7

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Hamilton is to focus not so much on what happened to create the chaos with the ports in October last year, but on what opportunities there might be to gain benefit from the system in the future.

2006 – Are You Ready?

Page 10

Last month, we included a 30 point checklist for organisations embarking on new ICT initiatives during 2006. Our hope was that people would

complete and return the checklist to us, so we would provide our readers with a readiness profile.

AS8015 – Gaining local and international traction

Page 11

It's worth saying again – Australia is a world leader in the development of international standards. When AS8015 was first released on January 31, 2005, it was immediately

recognised as an important contribution to the world stage. Now, AS8015 is gaining traction locally and on the world stage.

Past Events

Page 11

The past month has seen us very busy spreading the word about IT Governance and AS8015.

Coming Events

Page 12

- HDS Victorian State Government IT Leadership Forum – April 2006
- Compuware CIO Briefings – May 2006
- International Standards Committee Plenary Meeting – May 2006
- IQPC 4th Annual IT Governance Summit – May 2006
- AS8015 briefings – May 2006
- AFR Banktech.06 – July 2006

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Page 14

We are delighted that a number of companies have expressed interest in helping us to bring you, our readers, important information and perspective on how organisations can achieve more effective, efficient and acceptable

outcomes with their use of information and communication technology. From the April edition, we will be bringing you information about our sponsors and their products.



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A Tax(ing) Plan for 2007?

An adventure begins

Just on a year ago, Infonomics spoke to an assembly of company directors and senior executives at a NSW Branch meeting of the Australian Institute of Company Directors. We referred to the then recent announcement that the Australian Tax Office had commissioned Accenture to deliver a new software system to operate the nation's tax collection process. A 17 January 2005 article (ATO signs \$253m Accenture deal) said: "THE Australian Taxation Office has signed a four-year, \$253 million fixed-price contract with the global consultants Accenture for software and development services related to its upgrade project known as the Change Program." The same day, an article on ZDnet ([ATO: A change in the change program](#)), said: "An excessive risk profile and lack of resources has prompted the Australian Taxation Office to extend its AU\$400 million-AU\$450 million change program from three to four years..." On 19 January, another article (ATO in \$4m Super quick-fix) announced extension to the contract.

The plan for new tax systems was first announced in March 2004, with an expected duration of 2 to 3 years and an estimated total cost of the IT Change program estimated as \$500m. An article from that time described the initiative as "a project of huge ambition". A subsequent announcement set the budget at \$350m and forecast that Accenture would reap \$200m for its role of implementing its Tax

Our preliminary thoughts...

Our view at the time, based on awareness of many outsourced, large scale IT initiatives in the government arena, was that the project would most likely get into trouble, but despite the likelihood of ongoing press scrutiny, would continue more or less unchallenged for some

Back in the news...

We've seen little of the project since March 2005, until a flurry of discussion over the past few weeks. One theme addresses the software to be used – apparently no longer the system deployed in Ireland and Singapore, but a different version of the system developed for the US Office of Tax and Revenue in Washington DC. In [Tax chooses dead language](#)

Administration System (TAS) package, which had been deployed in Ireland, Singapore and several US states. That article also says that the ATO would run old and new systems in tandem until the new system is proven as robust. In June 2004, the budget for software and services was again indicated as being between \$150m and \$200m, with the overall cost at \$300m to \$350m. Three months later, on August 31 2004, the project was said to be on-budget, and the target for commissioning the system remained as the end of 2006.

The January 2005 announcements adjusted the view. The budget was increased, and the target completion pushed out by a year to 2008. The intent remained unchanged – with front-end and core systems to be replaced by the project. ATO Second Commissioner Greg Farr was reported as saying that 400 people (200 from Accenture) would work on the project, and that no work would be sent offshore. There was confidence that skills shortages would not cause problems.

Adding some further detail, a 23 February 2005 Australian Financial Review article ([Tax Office's overhaul falls behind](#)) by Rachel Lebihan said: "The Australian Taxation Office's \$450 million technology overhaul has slipped behind schedule, with the first major roll-out postponed until the middle of the year..."

time. We speculated that if it grew to ten times its original budget (i.e. around \$2 billion), serious questions would emerge. We thought that an eventual cost of \$4 billion should not be a surprise.

(The Australian, 28 February 2006) we learn that the new Australian system is to be based on an earlier version of the TAS package, because the more modern version chosen by Singapore would be "too risky for us to undertake". The article reports criticism of the choice for its 1980's design and extensive use of the COBOL language. Neither criticism is



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necessarily valid – as long as the designs have been updated regularly in line with contemporary approaches. For a comparison, think of how the Boeing 737 – a modern jetliner and workhorse of most civil airline fleets took its first flight on 9 April 1967 and entered commercial service with Lufthansa in 1968. For tax, it all depends on whether or not the software has been, or can be redesigned and re-engineered to operate with modern front-end systems.

More recently, we have seen references to deadline pressures building, and the possibility of work being shipped offshore – a potential reversal of previous policy. The 7 March article "[Tax mulls offshore options](#)" refers to a May 21 deadline for an update to its Customer Relationship Management software, and adds

Some questions to be asked...

Did anybody notice that change of scheduled date? Originally the project was to be done by the end of 2006. Now it's scheduled to cutover in December 2007. What happened? That was the product of the risk assessment reported in January 2005 – which took the schedule from 3 years to 4 years. Can we be confident that the project will remain on track and actually deliver for the critical December 2007 conversion plan? One would expect the governance for this project to be monitoring a clearly defined set of major progress indicators or milestones. Some of the press we have seen suggests that they exist, and that the contract encourages Accenture to meet them – but it doesn't tell us what they are, or how well they are being met to date. Nor does it tell us what happens if they are missed not because of a problem in the vendor camp but because of problems that may arise in the ATO side of the project. It would be VERY interesting to see the real

Cutover - is there an alternative?

But the schedule and budget questions pale into insignificance when we consider the strategy that has been described for the switchover from the old systems to the new one. Just like many IT projects of the past, ATO plans a single-shot changeover for the period of Christmas to New Year at the end of 2007. If the cutover fails, it may have to wait 12 months for another shot. The reason for the timing – it's going to take several days to convert the data and that's the

that a delay here would add to the risk profile for the Change Program.

This same article identifies the change-over strategy for moving from the old tax systems to the new, during the Christmas / New Year window of 2007. The strategy involves shutting down the tax systems for four days, in order to complete the data conversion from the old system to the new one. In a subsequent article "[ATO offshoring close](#)", we learn that if the December 2007 deadline is missed, the next opportunity to implement the system may be December 2008. Referring to the increasing probability that work would be sent offshore, Tax Commissioner Greg Farr is reported to have said that "no Australian tax payer data is going to leave the secure confines of the ATO environment".

progress reports on the public record, to give us all confidence that this project is not going "pear-shaped".

How is the budget looking? That's not been reported for a while either. Were the increases that arose between the middle and end of 2004 the only ones we will see? If one calculates the cost of 200 Accenture people for a year, the result is a quite large number... let alone the cost of the ATO personnel engaged on the project. Yes, we know that the contract provides for Accenture carrying all the costs of overruns when it fails to meet a deadline, but what about the potential for a situation where ATO action or changes to plan result in schedules being adjusted? Does the governance mechanism provide for that, or does it assume that ATO will not introduce any changes to its requirements and approach over a three to four year project timeframe?

only time of year when the tax office activity is low enough to permit the business downtime.

On the one hand, we congratulate ATO and its suppliers on selecting the quietest time of the year for the changeover, rather than the busiest. But on the other hand, we have to ask whether an all-in-one strategy is the best option even at a quiet time.

For an all-in-one conversion to be successful, enough data must be successfully transferred



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for the business to resume operations on target, and the remaining data needs to transfer without creating overheads that would cripple normal operations. The transfer process must have very clear success criteria and strongly defined commit points where decisions are made to proceed, or revert to the original systems. Provision should exist for any problem data to be isolated and resolved manually, but the controls must ensure that if there is too much problem data, the conversion should be abandoned.

There is plenty of industry experience about doing all-in-one data conversions – enough that some organisations have done them with a high degree of success. The success comes from rigorous testing and strong conversion rules that enable most of the data quality problems to be resolved prior to the final conversion, or automatically during the conversion process. Organisations that have done this in the past have practiced the conversion so much that the final conversion run delivers absolutely no surprises – it runs like clockwork. It would be comforting to have Accenture and ATO explain clearly how their conversion testing and data cleansing processes will be carried out.

Governance Guidance

Sometimes the legacy of past management creates a need for massive change to be delivered in a major, highly integrated bundle. The risks associated with such massive transitions are enormous, and even small failures in the overall system can bring the entire initiative undone. As has been demonstrated in many past situations, technical quality of the new software is just one of the critical elements of change, which may also depend on effective preparation for of people and organisation for new procedures, and significant effort to ensure that the quality of

But, one should also ask – is an “all in one” the only conversion strategy available to Accenture and the ATO? Even with all the testing in the world, missing the December 2007 deadline carries an undesirable consequence – delaying til December 2008, or shutting down the tax agency at a much busier time of year. Can the changeover be done progressively?

Look back again at Australian Customs. Their switchover to the new imports system was planned as an “all-in-one” event on October 12, and it encountered all sorts of problems. But from November onward, the industry was progressively migrated to the new system, and by February 2006, the job had been completed – with no further major disruption.

We don't know if ATO has considered a progressive switchover or not. We know that one argument against such an approach is the cost of putting in place the extra controls (manual and automated) to enable systems to be run live in parallel (which is only a little different to the parallel running that is stated as part of the plan).

the data to be transitioned is on a par with the expected quality of the new systems.

Governance of such massive ICT based change programs must ensure that all facets of change are being directed and monitored from a consistent viewpoint that is in harmony with the overall objectives of the program. There should be a series of widely known, non-negotiable milestones for the program overall and for each facet of change, with the milestones linking in a way that if any part of the program falls behind, the impact on the entire program is immediately obvious.

Links in this story:

Tax Office's overhaul falls behind:

<http://afr.com/premium/articles/2005/02/22/1109046918016.html>

Tax chooses dead language:

<http://australianit.news.com.au/articles/0,7204,18288578%5E15344%5E%5Enbv%5E15306-15321,00.html>

Tax mulls offshore options:

<http://australianit.news.com.au/articles/0,7204,18371298%5E15306%5E%5Enbv%5E,00.html>

ATO offshoring close:

<http://australianit.news.com.au/articles/0,7204,18401376%5E15319%5E%5Enbv%5E15306,00.html>



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Information and Communications Technology

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Your outsource partners – committed to your success?

An interesting lesson

The practice of organisations outsourcing aspects of ICT gathered steam in the 1980's and became common in the 1990's. The premise behind outsourcing was that a specialist organisation should be able to do a better job of delivering IT services than one for which IT was not core business. By better, we mean faster, more effectively, and at a lower cost. The specialists should have brought know-how to their customers to improve their customers business, and their experience and skill should have reduced the risk of IT going wrong.

For some organisations, the expectation has been delivered on, and the parties work in a harmonious and productive relationship. The services provider and the customer in such situations typically have very clear objectives, some of which are shared and some are not. The controls built into the relationship ensure that there is no confusion about who is responsible for what, and problems are addressed promptly, effectively and completely, before they become festering sores that destroy relationships.

But for many – far too many, the result of outsourcing has been far from satisfactory – with frequent stories bureaucratic overheads, high and unexpected costs, project delays and impeded business operations.

Organisations contemplating outsourcing of ICT services might endeavour to select suppliers that will do a good job, and work to ensure that the interests of their customers are paramount in the minds of the staff and managers who deliver the outsourced service. Indeed, one might expect that such customer-centric attitudes would prevail in all outsourcing organisations.

But is that really the case? Infonomics experience of recent times is that other priorities may well prevail.

One aspect of Infonomics service is to help organisations ensure that they have effective governance of their ICT projects – and we are well equipped with tools to help us quickly assess both business cases before project launch, and projects that are under way.

Against a backdrop of irrefutable evidence concerning the importance of good governance to assure the success of projects, we approached people we know in two services organisations, suggesting that it would be beneficial for them and their customers if Infonomics were to carry out governance assessments of projects. The assessments would help to reduce risk by identifying weaknesses in planning and approach for the project as well as the overall governance regime. By reducing risk, the buyer of the outsourced service should be better assured of a timely and effective outcome, and the provider should be assured of lower overheads and better profit.

But what two organisations told us was far from what we expected – in fact it was astounding.

One said: "I think (our) consulting services are arrogant enough to believe that they do this (IT governance and risk assessment) themselves. More to the point, (they are) reluctant to see the revenue for project control going out the door to a third party".

The other was even more profound: "You would be best placed to have the risk mitigation discussion with an end user planning any IT implementation rather than a vendor as in any pre sales process it makes sense for a vendor to downplay risk issues on the basis of similar installations at other customers. Introducing risk as a separate priority issue especially via specialist consultants has to be a red flag for the prospect especially if a competitive vendor does not.

On the other hand I understand that addressing project risk could work in a vendors favour but I'm not sure I would want to make it an "in your face" issue".

Perhaps we should not have been so surprised. After all, a Computerworld article of 20 January 2006 ([Former CIO slams tier-1 service providers, govt tenders](#)) told us that an ex CIO labelled tier 1 services firms as "bloodsuckers". The article reported on an online poll by Computerworld, which asked whether organizations would try smaller IT services firms in 2006. It said that 57 percent of respondents answered "yes, the tier-1s are too



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slow and expensive", while 14 percent are not prepared to "take the risk", and 29 percent

already selectively use smaller firms.

Governance Guidance

Outsourcing can be a highly successful strategy for an organisation seeking to increase its success with ICT – but success is not automatic and does not come without effort. Like all acquisitions of ICT, taking up an outsourcing opportunity must be done for the right reasons, in the right way. Before embarking on an outsourcing arrangement, directors should insist on a comprehensive business case with an in-depth risk analysis. These should be

prepared and tested by people with appropriate skills and complete independence.

Established and ongoing outsourcing arrangements should operate under a well defined charter, and against a clear and agreed business plan. Performance should be assessed regularly and problems arising in the relationship should be resolved promptly, professionally, and transparently.

Links in this story:

Former CIO slams tier-1 service providers, govt tender:

<http://www.computerworld.com.au/index.php/id;1026330861;relcomp;1>

Australian Customs – The Saga Continues

Reviews Announced

Industry watchers will be aware that recently appointed Australian Customs CEO Michael Carmody announced a review of the Integrated Cargo Management project during February. The review, to be undertaken by Booz Allen Hamilton is to focus not so much on what happened to create the chaos with the ports in October last year, but on what opportunities there might be to gain benefit from the system in the future. Mr Carmody indicated in his announcement that the need for direction was urgent, and that as a result the invitation to bid for the work was issued only to a small group of companies.

A [Customs Media Release](#) includes reference to the "[Statement of Requirement](#)" for the review. The following paragraphs give a reasonable impression of what it is to cover:

"Objective

To provide an independent and professional overview of the current status of the Integrated Cargo System (ICS), lessons to be learned from its implementation and how it might be further enhanced to maximise benefits for both government and industry.

Scope...

- "the ongoing governance and decision-making structure of the ICS for

enhancements and change management;

- strengths or weakness in the procedures and processes now employed to manage the ICS, including user/stakeholder liaison should be identified."

The brief also mandates consulting industry third party software providers, carriers, stevedores, cargo terminal operators, brokers and freight forwarders, and examination of the impact of the ICS on the import and export supply chain and business process.

Mr Carmody's decision and the brief both appear sound. Of course, capitalising on the opportunities will involve further change implementation, and so it is important that the review also consider the capabilities of Customs to effectively manage the ongoing rollout of change. Thus, we hope that Booz Allen Hamilton are adequately aware of contemporary guidance on corporate governance of ICT and that as they recommend a way forward for the business of Customs, they will also recommend appropriate actions to ensure effective governance of its ongoing agenda of change.



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At the same time as the Carmody Announcement came an announcement that the Australian National Audit Office would be reviewing the October implementation to determine what lessons could be learned. We await this report eagerly, though a delivery date of January 2007 is indicated. We hope that the ANAO takes the same approach as its New South Wales and Victorian counterparts when they assessed the [Sydney Water Customer Information and Billing System](#) and the [RMIT University Academic Management System](#) respectively. Each of these reports

made the governance failures quite clear, and provided excellent food for thought on how all organisations, not just government bodies, might act to ensure the success of their initiatives.

Advertisements in the national press on Saturday March 18th invite submissions to the Booz Allen Hamilton review. Submissions may be made in public forums, by email or by mail. According to the advertisement, submissions will not be attributed to individuals or businesses.

Alternative Views Emerge

Fascinating stories appeared in the February 2006 edition of MIS magazine ([The Unforgiven](#)), and in the ACS Journal, Information Age ([Australian Customs – More Flak than Facts?](#)). Seemingly written by the same pen, or at least in the same classroom, these stories presented a view that the events of October 12th and beyond were not at all serious, and certainly did not warrant the criticisms levelled in the press. Quoting Customs CIO Murray Harrison, the stories tell us how October was a record month for imports, about how initial teething problems were speedily overcome, and how the problems were not so much ones of technology but of misuse.

Read the stories carefully, and note how in the midst of the technical statistics and self-congratulation on the scope and magnitude of the new system there are references to the things that broke it – such as end user organisations not being ready; more rigour in the data requirements and sectional interests.

The references to October 2005 being a record month are interesting. A recent report in the Business Age ([Imports menace industry](#)) shows that Australia's imports are rising dramatically year on year – January 2006 imports of manufactured goods imports were up 11% on 2005 and 24% on 2004. October is known to be the peak month because it is the time when most Christmas stocks enter the country. With the old system operating until October 12, and reinstated later in the month, there can be no doubt that Customs did clear a great deal of import stock in October. It will be instructive to look not just at the October statistics, but the year on year comparisons for a three month window centred on October. These may tell an interesting story.

Perhaps also interesting is some information on the [Australian Bureau of Statistics](#) web site, where it describes the source of data for imports statistics. It says: "Because the source of Merchandise Imports statistics - the Australian Customs Service (Customs) records - do not capture all transactions which are in scope, some types of goods are excluded because Customs entries are not required." One is left wondering if the increased rigour in ICS results in more in-scope transactions being captured, and whether any such change might have an impact on the statistics. There is probably a great deal more to be learned on this front. Like any other major business change project, we should have expected that there would be a comprehensive, rigorous, relevant and formally baselined set of measures that would make it clear how the new systems had changed the performance of the overall system – whether for the better or for the worse.

Industry reaction to the stories is interesting. A representative of one industry body told Infonomics: "... (we have) addressed the articles with both Customs and the author as regards factuality....never let facts get in the way of a good story!! Murray Harrison has his own good reason to suggest all was well...the 2 reviews may reveal otherwise!. Customs have been and will remain in denial that the ICS, even as it is today, is a \$300 million IT system that requires work-arounds and high manual intervention. That there was poor governance is already clearly documented as well there are documents obtained under FOI that shows deployment was on 12 October 2005 problematical".



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What to expect next

In stark contrast with Mr Harrison's protestations that his project had been unfairly beaten up, on March 7, Customs CEO Carmody promised that Customs would be "[open and frank](#)" in dealing with industry regarding "how

to fix the continuing problems in its troubled Integrated Cargo System". Specifically, Carmody committed to sharing the results of the Booz Allen Hamilton report with the industry.

Infonomics view

Infonomics has long held that most IT projects are by and large technically successful – despite the frequent occurrence of "minor technical problems" at start-up. But, as is clearly demonstrated in extensive industry wide and academic research, the vast majority of IT projects are really business change projects, and when one considers the business change context, far too many projects are a dismal failure. It appears that the Customs system was a case in point – generally technically OK, but with a hugely unsuccessful business deployment. When the deployment strategy

was changed (under extreme duress) from a "all change at one time" scenario to a progressive transition, the implementation seems to have worked much better.

We look forward to the results of the reviews. We hope that the import services industry will agree with the content. And we hope that the lessons to be learned are taken up not only by Australian Government Agencies, but by all organisations that are using Information and Communication Technology to change and operate their business.

Governance Guidance

The problems experienced by the Australian Customs Department and the broad industry involved in importing goods into Australia highlight the importance of effective top-level governance of all initiatives that change how business operates. It is almost universal today that business change is based on the use of ICT, but too often the business change goes

awry and the ICT components are held accountable. In reality, the problems that cause failure of major change projects have much less to do with technology than they have to do with process, organisation and people. Governance systems should always ensure that every project an organisation undertakes gives proper attention to all dimensions of change.

Links in this story:

Customs commissions review of ICS debacle:

http://www.zdnet.com.au/news/software/soa/Customs_commissions_review_of_ICS_debacle/0,2000061733,39238182,00.htm

The Unforgiven:

http://www.misweb.com/magarticle.asp?doc_id=25420&rgid=2&listed_months=0

Australian Customs – More Flak Than Facts?:

<http://www.infoage.idg.com.au/index.php/id;600234086;fp;16;fpid;0>

Imports menace industry:

<http://www.theage.com.au/news/business/imports-menace-industry/2006/02/16/1140064203799.html>

Australian Bureau of Statistics – Merchandise Imports:

<http://www.abs.gov.au/ausstats/abs@.nsf/12ce1aabe68b47f3ca256982001cc5da/d0ef0c2677e1fa45ca256bd000270a9f!OpenDocument>

NSW Auditor General's report on Sydney Water Customer Information and Billing System:

<http://www.audit.nsw.gov.au/publications/reports/financial/2003/vol1/SpecialRevSydneyWaterCIBS.pdf>



The Infonomics IT Governance Letter

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Victorian Auditor General's report on RMIT University Academic Management System:
http://www.audit.vic.gov.au/reports_mp_psa/PSA_Feb03_Part5b.pdf

Customs "open and frank" on ICS

<http://australianit.news.com.au/articles/0,7204,18369526%5E15306%5E%5Enbv%5E,00.html>

2006 – Are You Ready?

A dismal failure, or just dismal results?

Last month, we included a 30 point checklist for organisations embarking on new ICT initiatives during 2006. Our hope was that people would complete and return the checklist to us, so we would provide our readers with a readiness profile.

Sadly, only one response was received. That reader sees his organisation as being fairly competent in most aspects of IT Governance, but with weakness in areas of documentation, risk management, business alignment of systems and projects, dependence on IT and resourcing.

Perhaps it was too difficult to deliver a response – we don't have the technology in place to do online surveys, that's in our (near) future. Perhaps there were people who worked through the questionnaire and didn't want an outsider looking at the results. That's understandable and not surprising – many organisations would have scored poorly.

We know through anecdotes that many people did actually work through the 2006 Readiness Diagnostic. Did you? Did the result fill you with confidence, or with dread? Did you circulate it among your colleagues to find out what they thought? Did they make you feel better, or worse?

Governance Guidance

The downturn in IT investment seems well and truly over, and organisations are gearing up to invest in ICT. For many, this is the first time they have invested in several years, and they may not have all the skills and information that they now need to ensure that they have set up their investments for success.

Directors should assure themselves that their organisations have prepared properly for ICT

investment and should consider asking questions from the 2006 Readiness Diagnostic as they evaluate plans and proposals. If the answers do not give confidence, directors should seek outside help to reduce the risk that they authorise inappropriate activity.



The Infonomics IT Governance Letter March 2006

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AS8015 – Gaining local and international traction

It's worth saying again – Australia is a world leader in the development of international standards. When AS8015 was first released on January 31, 2005, it was immediately recognised as an important contribution to the world stage.

Now, AS8015 is gaining traction locally and on the world stage.

Following the lead of Infonomics, several firms are now offering their clients advice about the intent and purpose of the standard.

Taking a bolder step, the Queensland Office of Government ICT is about to release a revision of its ICT Planning Standard IS2. Principle 3 of

this standard, recommends that agencies consider using AS 8015 when establishing ICT Governance arrangements within the agency.

Recent work by an international standards working group has mapped the coverage of formal and defacto standards in the IT Management and Governance space, and has identified that AS8015 stands alone, in the unique space of Corporate Governance of ICT. As a result of this analysis, there is strong interest on the international stage for AS8015 to tread the path toward ISO status, and the first major step of this process is scheduled for an international standards meeting in Thailand in May (See Coming Events).

Past Events

The past month has seen us very busy spreading the word about IT Governance and AS8015. Most of it was concentrated in one week, when we travelled with Borland to Brisbane, Canberra, and across the Tasman to Wellington and Auckland. Borland's roadshow was promoting its offerings in the IT Management and Governance space, with Infonomics setting the scene by describing the intent and early experience of organisations that have assessed their IT Governance against AS8015. We collected quite a few responses to our 12 point governance indicators questionnaire, and will provide a summary of the results in a future IT Governance Letter.

In parallel with the Borland roadshow, we also had the opportunity to speak with more than 60 senior IT specialists and suppliers in Canberra, at the itSMF quarterly meeting on March 7th.

As part of the presentations, Mark Toomey briefly summarised his commentary on the October 2006 deployment of the Customs Imports system. He confirmed that his commentary was based entirely on a collection of public domain material – all press clippings – dating from mid-2003. In closing the discussion, he reflected on the possible application of AS8015 principles to the situation, suggesting that these questions should all have clear, specific answers:

- ◆ Who was responsible for delivering the entire industry change?
 - How was the changing industry practice managed?
- ◆ Did the plan support the ENTIRE organisation?
 - In this case, the end to end importing industry?
- ◆ Was the basis and approach for the project valid?
 - Were all stakeholders properly involved in redefining how the industry would operate?
- ◆ Did the ICT perform well, whenever required?
 - Apparently not, but should there have been proof, a progressive changeover, and a fallback plan?
 - And what about the power failure?
- ◆ Were appropriate formal rules observed?
 - What policies were established up front and agreed with industry to smooth the transition?
- ◆ What human factors were not considered?
 - What arrangements were made to ensure that all users including the public, were ready?



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March 2006

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Coming Events

HDS Victorian State Government IT Leadership Forum – April 2006

We are also delighted to have been retained by HDS (Hitachi Data Systems) to speak with Victoria's government IT leaders on April 7th.

Compuware CIO Briefings – May 2006

Infonomics is delighted to have been retained by Compuware to assist in a series of CIO briefings to be conducted during May. We

anticipate publishing details in the April edition of the IT Governance Letter.

International Standards Committee Plenary Meeting – May 2006

The main body for development of international standards for ICT is the ISO/IEC Joint Technical Committee 1 (JTC1), Subcommittee 7 (SC7). For those befuddled by these acronyms – ISO is the International Standards Organisation, and IEC is the International Electrotechnical Commission.

many other matters, this meeting will see the formal start of the internationalisation process for AS8015, and will be attended by representatives of the Standards Australia committee that governs AS8015.

For more information, see www.sc7thailand.com.

The 19th JTC1/SC7 Plenary meeting takes place in Thailand in the week of May 15th. Among

IQPC 4th Annual IT Governance Summit – May 2006

Who would deny that governance of ICT continues to be a "hot topic". In the Company Director community, debate persists regarding whether or not IT is a matter for board contemplation.

who want to come to grips with the key questions:

- What is IT Governance about?
- Why is IT Governance important?
- How can organisations go about setting up good IT Governance?

In executive ranks, frustration continues, with IT costs seen as excessive, while IT departments are still castigated for under-delivering, and spruikers talk up the virtues of new technologies.

Read the [IQPC Brochure](#)

Go to the [IQPC Web Site for the latest details of the Summit](#)

Meanwhile, inside IT departments, IT leaders are investing in new and better systems of control, and moving to adopt standards such as ITIL (which is closely related to AS8018 / BS15000 / ISO20000) and COBIT.

Save 15% on Registration

Infonomics is delighted to have been invited to participate in and support the IT Governance Summit 2006. As a result of our involvement, Infonomics subscribers can enjoy a 15% discount on the standard entry - a saving of over \$400, and a much more generous discount than the normal early-bird arrangement.

All of this is happening against a backdrop of increasing investment and dependence on information technology, and the ever-present possibility that something will go horribly wrong, as it did for the Australian Customs Service and all organisations involved in importing goods on 12 October 2005.

To obtain the discount, [contact Infonomics for the special discount code](#).

Continuing the series launched in 2003, IQPC has organised a conference with content and appeal for directors, executives and IT leaders



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Speaker list

This conference includes a diverse array of speakers spanning the Director, Executive, IT and Advisory ranks:

- Mary-Ann Maxwell - Executive Vice President of Executive Programs with Gartner Group
- Chris Stevens - Chief Information Officer at Sensis
- Michael Hadaway - Director of PRO:NED
- Chris Gillies - an active Non-executive Director and leading board advisor, who has previously held several senior executive and CIO roles
- Alex Jones - Director of Information Technology with The Walt Disney Company
- Howard Nicholson - Vice President of the Information Systems Audit and Control Association (ISACA)
- Michelle Kinnane - National Manager, Applications Branch of the Australian Customs Service
- Jonathan Krause - Executive Director of Information Policy and Planning with the Queensland Department of Main Roads
- Dr Augusto Taloni - Business Manager in the Projects Office at Centrelink
- Laurence Archer - Chair of the Standards Australia committee developing the standard for Corporate Governance of ICT Projects

- Malcolm Gray - Senior Executive, Information Technology, with HSBC in Hong Kong
- Michael Braund - Project Co-ordinator in the IS Operations Monitoring Centre for the Australian Federal Police
- Mark Toomey - Australia's leading independent advisor in Corporate Governance of ICT, an expert in AS8015 and principal of Infonomics
- Plus speakers from National Australia Bank and IBM.

Infonomics Tutorial Session

On Monday 22 May, the day before the conference, Infonomics Principal Mark Toomey will host a half day tutorial session:

The A to Z of IT Governance: How to Craft a Strong Governance Framework for Your Organisation

This session will focus on three key subjects:

- Who needs to be involved in IT Governance, and why;
- The fundamental processes of IT Governance;
- Six principles for good governance of ICT.

Participants will also undertake a brief diagnosis of their own organisation's IT Governance performance.

Standards Australia – AS8015 Briefings - May 2006

With growing interest in the relevance and use of AS8015, SAI Global has scheduled a series of half day briefings on the standard, to be delivered in Melbourne (May 8th), Canberra (May 9th), Brisbane May 10th) and Sydney (May

22nd). For further information, see next month's IT Governance Letter.

These briefings will be delivered by Dr Ed Lewis, who chaired the committee responsible for development of AS8015, and Mark Toomey

AFR Banktech.06 – July 2006

The 7th Annual Banking Technology Summit is scheduled for July 27 and 28, at Dockside in Sydney. Infonomics founder Mark Toomey will join a panel of experts during the conference,

to discuss how better IT Governance and leveraging of standards can contribute to improved IT Governance.



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Infonomics welcomes sponsorship enquiries. Our monthly IT Governance Letter is evolving in scope form, and circulation base. Our readers range from senior members of the company director community, through senior business and IT executives, consultants, project managers and business change agents. We

outcomes with their use of information and communication technology. From the April edition, we will be bringing you information about our sponsors and their products.

have 681 names on our mailing list, and are expanding it rapidly as it is forwarded to interested parties. Our subscribers range from senior company directors through large company executives, consultants, business change agents and technology specialists.

To learn more about Corporate Governance of IT, or to gain a clearer view of what is happening with your organisation's IT, please contact Infonomics now. Email: info@infonomics.com.au Web: www.infonomics.com.au.

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19 Stratford Square, Wantirna 3152. Phone/Fax : +61-3-9801 1237
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