Matters for Debate

Hello and welcome to The Infonomics Letter on Digital Leadership and Governance of IT for April 2013.

It is sometimes said that one of the reasons we experience difficulty with information technology is that it is such a relatively young field. We simply have not had the time to learn about how to use and manage information technology. By contrast, in the fields of finance and human resources, we have had substantial time to learn and develop the roles and behaviours that are needed throughout the organisation. Debate is a key tool for learning, in which we explore issues from two or more points of view. Considering the reality that information technology is a critical resource for business, government and society today and into the future, it is important that we pursue debate on a wide range of matters that seem as yet unresolved in the way that we plan, build and run IT-enabled organisations.

This Infonomics Letter tackles three areas of debate.

Is IT the Information replays a conversation between me and Mark Smalley in which we look at how information fits into the governance guidance of ISO 38500.

Bad Habits builds on a discussion in which Gartner's Mike Rollings sought to identify factors contributing to Australia's IT talent shortage.

Out of Africa replays some of the debate that arose after I posted news of what the Government of South Africa is trying to achieve on a LinkedIn discussion forum.

The Queensland Government Health Payroll Commission of Inquiry looks like grinding on for some time yet. But the lack of formal findings to date is not stopping us from being amazed at some of the behaviour that is being uncovered. Nor is it stopping some commentators from drawing potentially useful inferences, pointing to how excessive reliance on a contract workforce can result in decay of essential management process and controls.

I'm holding over for a month with comments on the ICT strategy for South Australia, but that will give me time to also comment on a strategy update for New South Wales.

We ran a very successful ISO 38500 Foundation Class in Melbourne during April. Next confirmed item on the Future Events agenda for developing Digital Leadership and Governance Skills is at the end of August when I deliver three sessions at the ISACA South Africa annual conference in Johannesburg.

Please enjoy exploring the debates this month.

Mark Toomey   30 April 2013

Is IT the Information?

Mark Smalley is a well-known advocate for good practice in planning, building and running modern IT-enabled enterprises. Recently he asked me and several others for suggestions on questions that he might put to IT Service Management specialists as part of a webinar in which he was a featured speaker.

That request climaxed in an interesting email debate between me and Mark, on whether the international standard for governance of IT applies to information, or just to the technology.

The Debate:

Smalley: As a framework fetishist I want to make sure that I'm referring to them correctly and want to run something past you because I have a feeling that I'm possibly interpreting the letter of 38500 correctly but not the intent:

1. *It starts with the premise that information is a resource (or business asset) that enterprises use, and that IT enables/supports the use of information. Information and IT are therefore two separate entities that are closely related but need to be governed and managed in their own right.*
2. *38500 talks about IT as "resources required to acquire, process, store and disseminate information" and apart from one reference to integrity of information 'only' refers to IT and therefore seems to exclude governance of information.*
3. *COBIT 5 talks about information and related technology, implying recognition of two entities to be governed and managed, and therefore a broader scope than 38500 as far as this aspect is concerned.*

At the risk of being excommunicated for heresy or pig-ignorance, what's your take on the above?

Toomey: You've tagged one of the aspects in 38500 I had hoped to improve before the unexpected end of my tenure as its Project Editor. Ultimately, it is nonsense to talk about governing the technology if you are not also governing the information – sort of like having controls on type approval for motor cars but no road rules. There's also the problem that those who worship information to the exclusion of technology miss the opportunities inherent in technology evolution to do new things with information – including expanding the scale of the resource and exploiting it in different ways.

As currently written, 38500 effectively subsumes information into the focus on information technology. There are parts of the guidance that very clearly pertain to the information itself, rather than to the technology, but what it needs is a more embracing definition and discussion that made clear that ISO

38500 applies to all aspects of information and technology. A challenge in creating such a definition is to express the concepts concisely, while limiting the opportunity for pedants to narrowly interpret the wording and find unintended exclusions from the intended scope.

One possible way to strengthen 38500 is to take a wider view on the concept of a resource. Would not one essential resource required for acquiring, processing, storing and disseminating information be an intimate understanding of the information itself? And it's not just the information that one needs to understand – it's the technology context of information – particularly for identifying the new opportunities where technology enables acquisition, processing, storing and dissemination of new (forms of) information. An interesting example came to light recently: there is a pipeline that carries jet fuel from a refinery to a nearby airport. As part of the essential safety and service management regime, the above-ground segments were subject to a daily inspection by a pair of engineers who literally walked the pipe, checking it visually. That job is now done by a drone helicopter which videos the pipe, and software that compares the most recent images with a baseline set to highlight changes. Changes can then be analysed by looking at corresponding images over several runs. How does one classify the resources here? I would actually start with a very unlikely resource – the ability to conceive an improved way of doing business…

In Waltzing with the Elephant, I say (page 16, just after figure 1): *To plan virtually any business in the 21st century demands an understanding of how information technology (among others) can influence and enable the business. Any organization that does not take information technology into account as part of its strategic and operational planning is likely to miss opportunities, and to be beaten by its competitors.* Understanding how IT can influence and enable the business demands an understanding of the information on which the business runs – any other proposition is nonsense.

Smalley: Your exploration of 'resource' has given me a new angle on a topic that I've been pushing a lot quite recently, namely the need to use information systems effectively and efficiently. Part of this is about the understanding of information (and technology) in order to interpret it correctly. I reckon a lot of things go wrong because of misinterpretation. So the new angle is that I should give more emphasis to the importance of metadata, and the use, management, and governance thereof.

I'm fond of thinking in terms of nouns and verbs, objects and actions; in other words what are we actually using (in the broadest sense), managing and governing? If I try to decompose the resource 'information and related technology', I believe that it comprises:

- *the business' need for information*
- *information (incl metadata)*
- *technological benefits (referring to opportunities etc in your last two paragraphs)*
- *technology*
- *the business' use of information*
- *the business' use of technology*

Each of these items needs to be managed and governed in its own right and I believe that it makes life easier when you can allocate RACI responsibilities to these items.

Toomey: I too put a lot of emphasis on the USE aspect. USE of IT defines the demand which is met by supply arrangements. Much of the material available under the banner of "IT Governance" is focused on supply and what little crosses the boundary usually extends only as far as "measuring the demand" which is, in reality, a key input for supply.

I tend to argue that, while information is fundamentally important, it's not the central issue. Information is not evolving. What is evolving is the technology, and in parallel with that, the capability that we have to capture, store, process and disseminate information. Sound is information, and not much more than a century ago, we had no means of capturing, storing, processing or disseminating sound. The closest facsimile we could achieve was by writing down what was heard – in words and in musical score. Then some bright spark worked out how to record and replay sound and the journey began. What can we not do with sound today and what of the things we can do was not enabled by technology? And what might have spurred the development of the technology, if not for somebody saying something like "I wonder if it might be possible to…". Similarly, what we _see_ is information. Not too long ago, the only way we could capture what we see was to draw a picture or write descriptive text – both imperfect and labour intensive methods. Then photography emerged and rapidly evolved to the point today where we can capture what we see in such detail that we can use what were once considered vast arrays of storage in mere seconds.

Information exists. In the course of conducting business, we manipulate and use information. As technology for capture, storage, processing and disseminating information evolves, we have ever greater capability to capture and use information that might not have been accessible or practical to capture and use in the past. Take my pipeline example. The guys who walked the pipe might have recorded their walk with a movie or video camera, but the use of that stored information would have been secondary – for reference in the event that a fault was detected. With the advent of cheap massive storage and cheap processing power, it has become practical to make primary use of stored image for detection of faults by comparison of images over a period of time. The

information has not changed – but the technology has, and so then has the way the business process is performed also changed.

The questions for ITSM specialists

It's interesting that sometimes live debate can evolve in a way that denies airing of prepared information. The [BrightTalk webinar on the future of IT service management](#) for which Mark Smalley sought questions hardly touched on the aspects he had researched. Notwithstanding, Mark has captured the combined wisdom of experts around the world, along with my own questions, and posted them for all to see at [2013-04 White Paper 'Give me questions, not answers' M Smalley](#).

How would you answer the two questions I posed for this work:

- Do you operate with old world philosophies where IT specialists lead the agenda and the business follows, or in the new era where IT-savvy business leaders set the agenda with active support from the IT specialists?
- Do your business leaders have the necessary IT savvy and support from their IT specialists to set a business agenda that recognises how IT is now being used to change and create markets, and where much of the agenda for use of IT is imposed by customers, suppliers and regulators?

About Mark Smalley

[Mark Smalley](#) is Ambassador-in-chief at the not-forprofit, vendor-independent [ASL BiSL Foundation](#) and is a self-employed IT Management Consultant. He is specialized in Application Lifecycle Management and IT Governance. Mark is a regular speaker at international conferences, where he has reached out to thousands of IT professionals. Follow & engage with Mark on Twitter @marksmalley Email: [mark.smalley@aslbislfoundation.org](#). The paper he was developing in parallel with the above debate can be found on the Forrester [blog](#) and is one of many papers and presentations he has also made accessible via [Smalley.IT](#). A slightly more comprehensive version of the paper is at [2013-04 White Paper 'How about I&T' M Smalley](#).

Bad Habits

In Australia, we seem to have a perennial issue with an IT talent shortage. Universities are struggling to fill available courses to the extent that they are shutting down parts of what, in all sensibility, should be an over-subscribed field of learning. Recently, Gartner's Mike Rollings expressed his views on [The bad habits behind the IT talent shortage](#). Rollings proposes that the problem emanates from bad job descriptions that result in the wrong focus for hiring – a focus on narrow technical skill rather than broad competency, for example. He argues that "If we valued competencies over skills (for example, understanding application development not just how

to code in a particular language), valued non-technical skills over technical skills, and valued developing people over just finding a resource, then we would find a much larger pool of candidates for any job opening".

I think that Rollings has some valid points that need to be extended. They are part of a much bigger set of issues that I'm exploring, where it seems that Australian organisations are becoming polarised across a great paradigm shift that characterises the latest iteration of technology revolution. Some see information technology as the key to the future. Some, perhaps many, are still regarding information technology as a curse and a burden, to be minimised as much as possible.

What Rollings describes is similar to what I have previously called the "Barbecue Sausage Syndrome". Many people can cook a sausage on a barbecue and deliver an edible result. That level of skill does not necessarily mean, however, that the same individual can deliver a gourmet feast for a few people, let alone a full banquet hall. Yet the master chef would have begun at the same level as most others – able to barbecue a sausage. The parallel in the IT world is the propensity of some business managers to take juniors who have a few basic skills with a personal computer, and press those people to take on tasks that are vastly more complex than their experience enables them to understand. The managers compound the problem by taking on these juniors on a contract basis, through which they distance themselves from a fundamentally important task of developing the overall capability of the individual. In Rollings' terms, organisations seeking to deliver the IT equivalent of a sumptuous banquet tend to specify barbecued sausage 101 as the key skill requirement. Essentially, organisations have not developed, or have lost, the ability to identify the full complement of skill and capability required to plan, build and run the IT-enabled business.

Organisations that see IT as a key to their future, such as Commonwealth Bank, have said clearly that they value their IT personnel and that they see a thriving IT capability as a pillar on which they grow their business. It doesn't take too much investigation to also understand that the value these organisations ascribe to IT is matched by business leadership engagement in planning, building and running the IT-enabled enterprise. It seems pretty clear as one looks closely at the activities and anecdotes regarding how things happen at Commonwealth Bank that their ability to conceive and deliver new IT-enabled capability is substantially due to the organisation's ability to recognise, specify and put in place the mix of skill and capability required for this to happen.

On the other hand, there are organisations that have made it clear that they don't see competitive opportunity in IT. Just last month, Westpac's Australian Financial Services chief executive officer

Brian Hartzer told investors that IT was [unlikely to create 'genuine competitive advantage' for banks](#). What message is that giving to the youth of today? If IT is not going to be at the cutting edge of business, one might not be surprised that prospective IT students would be quite uninspired and likely to seek a more valuable career choice.

The unfortunately negative message from Brian Hartzer is not uncommon, and it gets reinforced on a regular basis. For quite a few years now, it has seemed that the core management direction for IT has been to outsource it, with "offshoring" of work to places like India and the Philippines being very common. The industry says it's not so, but I have heard numerous people in many walks of life tell young people that IT is a dead-end career – that people are only employable in the industry until they have enough expertise to warrant a decent wage, and that from there on their jobs will be sent off to cheaper suppliers. But look more deeply at outsourcing and offshoring. What are the reasons for this happening? While reduced cost is clearly a much sought outcome, it is not the only driver. Many organisations outsource on the expectation that they will obtain better service than could be delivered by their internal IT functions. While in some cases scale can be a factor here, one also has to wonder if the problem with unacceptable service delivery might have something to do with the inability of the organisation to properly manage the relationship between the internal service providers and their service consumers. Have they been struggling with an inability to reconcile the real nature of business demand and the technical frameworks of supply, which might arise when there is as much lack of IT savvy in the business leadership as there is lack of business savvy in the IT leadership?

Then there is the advent of cloud computing, and the bizarre notion held by some that the advent of ubiquitous computing and communication means that all IT innovation is now done and there is no more opportunity for people who choose to develop IT skills. The reality is just the opposite, and we have only now begun to tap the extraordinary developments that are possible when we have the power to process and communicate vast amounts of information in the blink of an eye. The potential for change in society's approach to transport as [described by Don Peppers on LinkedIn](#) is a case in point – where the issues are not merely the design and development of software to operate a driverless vehicle, but the design and development of whole new business models for transportation, and the adaptation of the core software capability to deliver against those new business models. More than ever today, we see the need for a coming-together, in which the capability of leaders includes the capability to imagine the potential future achievable through innovative application of IT, and where the capability

to establish multi-disciplined delivery teams is a vital part of organisation survival.

For me, the various elements canvassed in this perhaps slightly rambling discussion boil down to one critical issue – that of Digital Leadership.

Digital Leadership is the capability of business leaders to identify and realise opportunity for business improvement and value through effective, efficient and acceptable use of IT. Digital Leaders understand that planning, building and running the organisations and economies of the future depends not on narrowly specified technical skill, but on capability of people to deal with technology as part of their overall job.

And this, in my view is where the debate about information technology education and skills development should be going. We need to articulate the reality of the future, in which detailed technology skills are part of a broad portfolio of capability that will enable individuals to play a significant part in creating the future.

What do you think?   [Top](#)

Queensland Health Inquiry

I mentioned the Inquiry last month. It's well under way, and the stories that are emerging are no more or less surprising than I had imagined. So far, the inquiry has only looked at the tendering process – it hasn't touched on the actual project, or on the broader (and fatally flawed) strategy that created the situation in the first place. It may be many weeks before we see anything like a set of findings. But still, there are points emerging that make one wonder – like how a single individual seems to have become extraordinarily influential and powerful; like how established and proven procedures for government purchasing were bypassed; and how trying to manage to a poorly defined contract with unclear scope and deliverables can create an impossible situation.

An interesting observation that has come from one [commentator](#) is perhaps significant for many organisations. It deals with the tendency some governments and large organisations have of assigning contractors rather than permanent employees to key roles. It is suggested that a lack of what I will call "engaged owner perspective" develops, in which the contractor fails to perform the role with the insight, diligence and ownership that would be expected of an employee. Combined with the tendency of organisations to not invest in developing or inducting contractors, situations can evolve where contractors don't properly understand the job they are doing, and perhaps don't really have the capability to do it properly either. As a result, work is done, but it doesn't produce the right outcomes, and eventually the collection of mistakes compounds to create a difficult situation.

I've certainly seen situations like this in my consulting career, and I have worried that the propensity of

organisations to treat their IT as a low-level utility increases the risk of such situations developing. Ultimately, I think it's another aspect of the failing leadership capability that we discussed above in Bad Habits – where organisations (and their leaders) lose sight of exactly what capability is required to effectively manage the business and its use of IT, and try to replace that capability with poorly specified contract assignments.   Top

Out of Africa

Shortly after publishing the March edition of The Infonomics Letter, I posted a comment about the drive for adoption of ISO 38500 in South Africa on the LinkedIn IT Governance International forum.

ISO 38500 and COBIT 5

One participant in the forum asked me to "describe how you understand how ISO 38500 and COBIT are positioned by ISACA".   Well, rather than bluster on this, I thought I'd just quote the source – because one would expect that ISACA has clearly articulated the positioning of COBIT with respect to ISO 38500. However, the source is a little difficult to find! The main page for COBIT doesn't mention ISO 38500 – it only references "related standards". A bit of digging brings up the COBIT 5 Introduction, but that doesn't help either – there is only one reference to ISO 38500 on page 22, where COBIT's Principle 3 claims that COBIT 5 aligns with "the latest relevant other standards" and includes ISO 38500 in its list – with no explanation of how that alignment is achieved.

Only after going back through my own records did I find anything relevant. It's Appendix E of "A Business Framework for the Governance and Management of Enterprise IT". I acquired a licensed copy of that on 11 April 2012. This is actually very useful material, and confirms a view that I have held for a long time – that COBIT provides a very useful framework focusing on process and structure to guide the implementation of the management system elements that are essential to an overall system of governance. Unsurprisingly, this is exactly the approach that is being used by South Africa – with one critical distinction. ISO 38500 is fundamentally about behaviour. Unless the right behaviour is inculcated from the outset, any implementation of process and structure is at risk of failure due to inappropriate behaviour. South Africa is focusing on getting the behaviour right from the outset, and this will create conditions for a higher probability of success and much more value from subsequent investment in COBIT 5.

I'm not going to restate my other concerns about COBIT 5 and its alignment to ISO 38500 – they are already well and truly on the record. The bottom line is simple. To get the best system for governance of IT, organisations should use ISO 38500 AND selected elements of COBIT 5, depending on their circumstances. COBIT 5 is good, but could be much better. Well-received constructive criticism and the lessons of experience are essential elements of achieving the required improvement. For now, the most important message to get into the marketplace is that (at least larger) organisations will experience better outcomes from investment in governance of IT if they choose to use BOTH ISO 38500 and COBIT than just using COBIT.

There is a difference in stance though. While I agree that COBIT 5 can be very useful (and the end product is vastly improved on the draft which I tore to shreds in The Infonomics Letter, July 2011 Edition), I do not represent that it is the only means to the end. My experience is that many organisations can establish a very effective system for governance of IT by adopting ISO 38500 and then designing a very basic and flexible framework of key processes and decision making activities. The good behaviour that comes with ISO 38500 adoption enables an effective approach to evolving the necessary management systems to a sufficient level of detail. Taking this approach can also save an organisation from the negative impact of so-called consultants who implement process for process' sake, and auditors who don't understand the real purpose of audit. And for the record, I hold exactly the same view in respect of another well-developed framework that competes with COBIT – the IT-Capability Maturity Framework developed by the Innovation Value Institute, which is based in Ireland.

Corporate Governance

The next issue to erupt links to an ongoing debate regarding the incorporation of the word "Corporate" in reference to governance of IT. When we created AS 8015, the precursor to ISO 38500, we chose to title it "Corporate Governance of ICT" for two reasons – first to give it the strongest possible linkage to the broader concepts and guidance on corporate governance – and second to try to create some distinction from the very confused term "IT Governance" which seemed to mean just about anything to do with management and security as well as some vague form of oversight. But then came a problem. Some people started to play games by substituting other scope words for "Corporate" – and we started seeing variations that seemed designed to void the applicability of ISO 38500 and reorient focus to a lower level of compliance-oriented detail. It seemed as if people wanted to avoid the focus on behaviour and replace it with more familiar territory – rigidly defined processes and roles. There was considerable debate in the ISO committee regarding the terminology, and the workgroup did indeed drop the word "corporate" from its title.

The distinction between management and governance is also a vexed one which gets some airplay in this conversation. The fundamental fact is that there is no hard rule regarding what is governance and what is

management. But there is a beauty in the Cadbury definition of corporate governance, in that it defines governance as a system. When one looks at it this way, and uses long established aspects of focus for governance, such as finance, it is easy to understand that the system of governance includes the supporting management systems, and in that model, it is very easy to adjust the boundary to fine tune what is done by the governing body and what is done by management.   This is consistent with what I learned in the AICD Company Director's Course, that the separation of board and management responsibility is quite complex and variable, and that clear delegations are a fundamental part of good governance – if only in respect of the granting of authority by the board to the chief executive. I can't imagine how a board could operate effectively with the CEO unless there were very clear and appropriate delegations, and I am aware of situations where the board has taken a great deal of interest, for very good reasons, in how the CEO further delegates the authority and responsibility handed down by the board.

Director Expertise

This aspect of the debate was launched with a proposition that directors who are familiar with the Tricker model have "little need of ISO 38500, since it largely replicates the considerations which are incorporated in the Tricker Model". I guess that, given the widespread acceptance of Tricker's work, and the fact that it has been taught to Australian company directors by the AICD for at least ten years, we should then expect that Australian organisations should have been governing IT very successfully. Anecdotal evidence screams out that such is not the case – and that is one of the key reasons why AS 8015 was developed – to provide clear, specific and usable guidance to directors, that did not involve them having to get involved in management detail.

A forum contributor said: "I would comfortably use COBIT, and other than assuring them that they were ISO 38500 compliant, would not make further reference to the standard". Setting aside the fact that ISO 38500 is not a compliance standard, I wonder how that compliance would be demonstrated.   ISO 38500 is focused on behaviour. COBIT 5 is about structure and process. Sadly, there are many case examples of bad behaviour perverting the intent and outcomes of what should be perfectly good process models. One such saga is being explored as I write, in the Queensland Government Commission of Inquiry into the debacle of the Queensland Health Payroll .

The same individual also said: "If I was working on the ICT strategy or an EA (Enterprise Architecture) roadmap, there would be parts of ISO 38500 that would be limiting and which I would approach in a different manner".

I wonder how this could be. I have a completely different view, which I express clearly in Waltzing with the Elephant. ISO 38500 is in reality very empowering for development of strategy and Enterprise Architecture, and perhaps more so because it does not prescribe any particular approach. It allows the use of whatever framework is appropriate, provides the context that legitimises the work, and the principles help one ensure that relevant matters are taken into account as decisions are made.

Strategy South Australia

I'm not quite done in my review of the draft strategy for ICT in South Australia, so I'll hold over my comments until the May Infonomics Letter. By the time that's done, I should also have comments on the new strategy update for New South Wales as well. Naturally, I'm happy to hear your thoughts on these documents before mine are published.

Top

Future Events

The ISO 38500 Foundation class held in April attracted a substantial crew of senior people in IT and business roles. More classes will be scheduled in Australia in the second half of 2013.

26 – 27 August 2013: ISACA South Africa IT Governance, Information Security, IT Assurance and Risk Management Conference at Emperors Palace, Johannesburg.

I'm doing three sessions:

- Session 1 is on Digital Leadership. Digital Leaders are using IT to redefine not just their own business, but the markets and competitive landscapes in which they operate. What is required to create Digital Leaders, rather than Digital Disasters?

- Session two looks at Behaviour vs Process – the underpinning power of ISO 38500.   We look at illustrations of how inappropriate behaviour has undermined what should have been effective process, while excellent behaviour has made up for weak and non-existent process. Then we discuss how the ISO 38500 principles can be used to drive appropriate behaviour in any organisation.

- Session 3 is a workshop in which participants will self-assess their organisations against ISO 38500, using a 30 point diagnostic. Critical examination of scoring patterns provides insight to performance in respect of the ISO 38500 model and principles, and suggests areas where improvement might be sought.

Top