



Some Questions of Governance

This month's Infonomics Letter is market-driven! The marbles simply dropped into place in time for the exercise in wordsmithing.

Two significant newspaper discussions, one here in Melbourne and the other in London, focused on the perceived poor track record of government with IT initiatives. *Governance of IT in Government* proposes that many government organisations operate in the mistaken belief that they have implemented effective "IT Governance", when what they have really done is partially implemented management systems.

A perfectly timed question from Ynon Shild about why (not whether) the first generation of "IT Governance" has failed goes directly to the point. Has "*IT Governance*" Failed explores the theme and discovers that the question fits the government problem like a glove – because if we match the efforts that have been made in government to adopt so-called "IT Governance" frameworks, and measure them in the cruel light of project success, we cannot help but conclude that there is a problem.

And then, to complete the crop, came the question from Shankar Ganesh Srinivasan and Partha Mandal, about the relationship between ISO/IEC 38500 and CobiT. *CobiT and ISO/IEC 38500* positions CobiT and other IT and project management frameworks as resources that organisations can use to help establish effective systems for governance of IT.

In the little space that's left in the four pages I allow myself for this letter, you'll find the essential details of an exciting and expanding program of masterclasses for those who want to learn about ISO/IEC 38500 from one of its original authors.

I look forward to your thoughts, your recommendation of this letter to your colleagues, and your continued interest.

Mark Toomey
23 March 2009.

Governance of IT in Government

Readers of The Infonomics Letter will be familiar with the "[Gershon Report](#)" – a landmark assessment by British efficiency expert Sir Peter Gershon of how the Australian Government uses information and communications technology.

The Gershon Report was requested by Australia's then new government early in 2008, prompted by a view that the Australian Government had not been doing very well in respect of how it used ICT. There was good cause for the view – commentators have described a litany of problems with projects and the

operations of IT over several years. Indeed, your author gained infamy for commenting on the efforts of the Australian Customs Service in October 2005, describing how their project effectively closed off the majority of imports for about three weeks as a "[Catastrophe in Governance of ICT](#)". Sadly, that was only one of many troubled projects for the Australian Government during the past few years. And it hasn't just been projects – there have been a number of high profile problems with operational IT, such as the current and continuing problem with correctly paying wages for the army's elite SAS regiment.

Australia's problems with IT at a federal level are echoed to varying degrees in the states. An article in The Age on March 16th loudly proclaimed "Over time, over budget, over IT". Just as had been the case in Canberra, commentator Mathew Murphy presented a litany of failure in the Victorian Government, citing the increasingly maligned Myki public transport ticketing system as one of a prominent collection of problems across health, education, energy and transport. He quotes a recent report by the Auditor General which says: "... agencies within the Victorian Public Sector sometimes begin projects without a clear understanding of goals, required resources, or risks". There's a remarkable synergy here: In 2006, a review of the Customs project at the federal level said: "*We have been unable to locate a clear and quantified set of outcomes and benefits expected...*".

New South Wales also has a long and sordid history of IT problems – such as when Sydney Water attempted to implement a Customer Information and Billing System in the 1990's through to today's prime time debacle, the Tcard metropolitan transport ticketing system (yes – a separate system to Victoria's with different technology, different suppliers, different specifications and so on – all to do essentially that same job that Oyster does very well in London, and Octopus does even better in Hong Kong!).

It isn't just Australia. In February, The Times Online published an article by UK Shadow Chancellor George Osborne, lambasting the British Government on its failures to realise the exciting potential of information technology and for running over budget on £100billion of IT expenditure. While referring to the NHS and Rural Payments Agency as two highly visible examples, Osborne says that they are not just a series of individual mistakes, but strong indicators that IT incompetence in government is endemic.

But not all governments seem to have such extensive and persistent difficulties with information technology. At the 2008 ISACA Korea & Korean ITA Society Conference in Seoul, Dr. Pallab Saha of the National University of Singapore explained how the Singapore Government is making significant, successful

advances in e-Government and Connected Government. While the core of his presentation was on the essential role of Enterprise Architecture in planning and organizing change, Saha also provided the context of the change being undertaken in the Singapore Government, which has this vision: *"to be an integrated government that delights customers and connects citizens through Infocomm"*. He explained that *"the concept of connected government is derived from whole-of-government approach which utilizes technology as a strategic tool and as an enabler for public service innovation and productivity growth"*. He also emphasized that a critical success factor in the change is leadership from the top, with heads of Singapore Government agencies being personally involved in and responsible for achieving the outcomes of the change projects.

A similar [downloadable presentation](#) by Pallab Saha was delivered to the World Bank in April 2008.

It appears that Singapore's Government is already working to a model for top level governance of information technology like what Sir Peter Gershon recommended for Australia. Having established that the key reasons for Australia's poor performance in government use of IT was weak top level governance, Gershon's top recommendations focused on the need for strong pan-government governance (particularly referencing ministerial leadership and focusing on business as the user of technology) and strong agency governance. Pan-government governance should set the agenda for the overall government use of IT, and is the only place where whole of government change can be directed and controlled. Agency governance should ensure that each agency is working to achieve the whole of government goals as well as meeting its own unique needs.

Perhaps Gershon's recommendations are relevant for other governments as well. Certainly, they appear well aligned with the behaviour of a government that is successful in its use of IT.

Gershon used the Australian Standard for Corporate Governance of Information and Communication Technology as his benchmark for assessing that Australia's Government has weak governance of IT. Perhaps the same standard, or its international equivalent, ISO/IEC 38500, can be used as the benchmark not just for assessing, but for guiding improvement in other governments as well. The six principles – responsibility, strategy, acquisition, performance, conformance and human behaviour could be expressed for government in these terms:

- Ensure that governments leaders are responsible for leading change and delivering results;
- Ensure that the governments use of IT is framed in an overarching vision of government function and performance, and that all investment contributes to the vision;

- Ensure that every investment is aligned to the overall vision, but individually achievable, with clear, measurable objectives and success criteria;
- Ensure that there are the capabilities to achieve the goals, that progress is constantly measured and monitored, and that adjustments are made to assure success;
- Establish and enforce clear rules for use of IT as an enabler of effective government, and apply these rules from the top down;
- Recognise that people are the key to successful change, and ensure that all current and proposed use of IT as an enabler of change involves equal attention to the human, business process and organisational aspects of change as it does to the technology itself.

Of these principles, for government, the most important by far is the responsibility principle. Gershon said to the Australian Government that necessary improvement requires a major program of cultural change, and when the Minister for Finance and Deregulation addressed an industry briefing in Canberra in January this year, he said that the changes are "big, scary and complex". They are exactly that, because taking on new responsibility in a field that is not well understood at the top levels is big, scary and complex. But these are not just good reasons for making the change – rather, they define the reasons FOR the change. If properly directing and controlling the use of IT is big, scary and complex, it has to be the job of the leaders. And this is the case in Australia, Victoria, New South Wales and the United Kingdom every bit as much as it was in Singapore when they started their program to transform government.

Perhaps some comfort for government leaders confronting these changes and the relentless arrival of "new" responsibilities can come from the business world. While by no means perfect in its own right, there are signs that new leadership models are emerging with top level corporate leaders taking ownership of, and responsibility for the IT agenda. As recently as March 12, the National Australia Bank announced that its new CEO, Cameron Clyne, would take the leadership role for the bank's \$1billion core systems project (it's interesting to note that two of Australia's four major banks now have CEO's who have strong IT credentials and who provide clear leadership in respect of how IT is used).

Whether in business or government, the challenge for the people at the top is building their understanding of how to govern their organisations use of information technology. This is not a challenge that is easily met – there is a great deal of misunderstanding and misinformation in the marketplace, and there are many opportunities for them to be misled. Many information technology consultants and vendors claim

that they are skilled in "IT Governance" and that they have "IT Governance solutions". But critical examination of their offerings often reveals that their expertise and products are focused on management processes that are essential enablers of governance, but are not in themselves governance systems. Common misconceptions are based around ITIL, ISO 20000 (IT Service Management), ISO 27000 (Information Security), CobiT, ValIT, Program and Portfolio management, and corporate program offices.

These frameworks, tools and disciplines are all important parts of the management system, and contribute to efficient delivery of information technology. But only one of them – ValIT – begins to seriously address the role of the organisations leaders, and the scope of ValIT leaves gaps that can only be fully addressed through a comprehensive understanding of corporate governance of information technology, as defined in ISO/IEC 38500.

Has "IT Governance" Failed?

Ynon Shild from My Single Point in Israel asked the [IT Governance Group at CollectiveX](#): "Why has first generation of IT governance framework failed?"

This wonderful, simple question opens an enormous field of opportunity for discussion. Interestingly, early responses to the question did not focus on refuting the assertion that first generation approaches to IT Governance have failed – though they did seek to balance the perspective, noting that some of the work that has been done has produced good results.

So, has IT Governance failed? If we consider the problems that various governments are having, it's certainly fair to say that they do not have effective governance of IT – but does that mean that their IT Governance initiatives have failed? Perhaps, and perhaps not: We need to look a little deeper. We need to think about what initiatives have been undertaken, and what they were intended to achieve. As we noted in the article on Governance of IT in Government, many of the frameworks and resources that the industry, consultants and practitioners call "IT Governance" are in reality management frameworks for specific disciplines within an overall management system. They are about processes and controls – the things that are relevant to IT managers and staff, and some business managers involved in projects. Mostly, they are not about the top level of directing and controlling how the organisation uses IT – which is the purpose of Corporate Governance of IT.

So if we look at the investments most organisations have made in "IT Governance" tools and frameworks, we should not expect that they have made a great deal of difference to the use of IT – because that is not what they were about.

If, instead, we look at the initiatives in terms of their success at improving the management systems, a

different picture emerges. There are many anecdotes telling us that IT management practices have indeed improved – and that the frameworks have been most helpful in this regard. On the other hand, there seems to be comparatively little rigorous evidence – and equally little credible research. A comment in the online responses explains why this is so: "... *(there) is not as much a definitive list of reasons for failure but much more a number of 'broad themes'*". The top three themes mentioned were: unreasonable expectations; unclear goals; and failure to involve important stakeholders.

What a surprise – these problems are also the problems that afflict business initiatives, and reflect the same weaknesses in the overall corporate governance of IT as are often identified in reviews of failed business projects – a lack of clear goals, unreasonable expectations and failure to involve important stakeholders!

Ynon's question also begs identification of the "second wave" of "IT Governance". What has become quite clear is that the crux of the matter is how the organisation as a whole behaves in terms of setting its direction for, and controlling its use of information technology. This is the topic that we have established, through standards like AS 8015 and ISO/IEC 38500, as Corporate Governance of Information Technology. As stated in those standards, Corporate Governance of Information Technology is a system through which the organisation's use of IT is directed and controlled.

The second wave of "IT Governance" is Corporate Governance of Information Technology. It involves the organisation's leaders understanding and being responsible for how the organisation uses IT, and it requires a system of control (management processes, responsibilities, capabilities and tools) to ensure that the top level management intent is translated in to the organisation's reality.

Corporate Governance of IT has clear goals – set out in the standards. They are to ensure that the organisation's use of IT is efficient, effective and acceptable – within the strategic intent and risk appetite of the organisation.

The first wave of IT Governance has not entirely failed – but neither has it solved the problem. This is because we did not properly understand the problem. The problem was not, in most cases, with the supply aspects of IT. Rather, it was with the direction and control of the business use of IT.

The second wave of change, focused on improving corporate governance of IT, has begun. There is a great deal of work to do. There are organisations that are well ahead of the pack – those that have for a long time understood from the top how effective and efficient use of IT gives them strategic advantage. There are others making the tentative

first steps, typically with newly appointed leaders bringing IT to the top of the corporate agenda. And there are the trailing majority, which as we discussed earlier, seems to include many government agencies at home and abroad, which if not actively resisting the message, are at least still pretending that it doesn't apply to them.

CobiT and ISO/IEC 38500

Shankar Ganesh Srinivasan of Tata Consultancy Services in Bombay asked for comment on the question raised on the [LinkedIn CobiT 4.1](#) discussion forum by his colleague Partha Mandal in Birmingham, UK: "How are COBIT and ISO/IEC 38500 related to each other?"

As always, these online questions draw healthy and varied response – much of which is very useful. Those who want to see the detail will need to subscribe to the forum using the link above.

For those who are unaware, I was involved in the development of ISO/IEC 38500 from the outset, and in the development of its progenitor AS 8015, since 2003. In both processes, there was both ongoing involvement of ISACA and the IT Governance Institute, and considerable debate about the relative purpose of the Corporate Governance of IT standard and the CobiT framework.

The simplest explanation is that the standard, by defining the fundamental tasks of, and principles for good governance of IT establishes the behaviour that any organisation should employ to ensure that its use of IT is effective, efficient, and acceptable. CobiT defines a substantial collection of processes and controls, and thus presents a management framework that can assist organisations in the design and implementation of their governance system.

There was deliberate intent in the development of AS 8015 and ISO/IEC 38500 to avoid either encroaching on the "territory" of CobiT and other frameworks, or mandating the adoption of any particular framework. Rather, the standards specifically exhort organisations to identify and adopt whatever frameworks suit their purposes, and to whatever extent is necessary to ensure that the appropriate behaviours are exhibited.

Broad industry confusion about the meaning of "IT Governance" may be a factor in understanding the relationship between CobiT and ISO/IEC 38500. As discussed above in the article on the first wave of governance, most of the frameworks and standards, including CobiT, ITIL, ISO 20000 and so on have really been focused on management tasks. It is unfortunate that some literature refers to CobiT as a governance framework – because this really creates confusion. In debate with ISACA leaders, I have been assured that CobiT is a management framework, and that is exactly how it should be used.

From this perspective, ISACA correctly identifies the IT Governance Institute's family of products – CobiT, ValIT and other guides – as providing support for building the governance system on the foundations laid down by ISO/IEC 38500.

Governance of IT, as defined in ISO/IEC 38500 is a system. Within the system, the tasks that need to be performed and the implementation model for these tasks will vary considerably from one organisation to the next, depending on many variables. ISO/IEC 38500 does not expect that any one management framework will have all of the right ingredients, but rather suggests that organisations select the most appropriate guidance from the range of frameworks available. Thus, organisations may choose to use parts of CobiT, ValIT, ITIL, PMBOK, Gateway and so on.

From an organisation development perspective, ISO/IEC 38500 provides a clear and unarguable context that sets the foundation for selecting and deploying whatever management frameworks are appropriate – including CobiT.

Learning about ISO/IEC 38500 and Corporate Governance of IT

Infonomics is delighted to be working with leading organisations around the world to help build clear, complete and consistent understanding of the concepts for Corporate Governance of IT, as defined in ISO/IEC 38500.

Click on the links to access details of each event, or look on the [Infonomics Education page](#).

- 16-17 April: Two day [extended masterclass](#) in Kuala Lumpur, Malaysia, with [Expitris Worldwide](#).
- 22-23 April: [EdXN evening briefing](#) and [masterclass](#) in Hobart, Australia, with the ACS
- 20 May: BSI British Standards [conference on governance of IT](#) in London, UK
- 28 May: full day [masterclass](#) near Frankfurt Germany, with [Serview – the Business IT Alignment Consultants](#)

To arrange an Infonomics event in your region, please email us. We have attractive plans for partnering with commercial and not-for-profit organisations.

Corporate Governance of IT – the Book.

This major work – explaining how to use ISO/IEC 38500 in detail, is near the end of its drafting. For a sneak preview, you can see the table of contents and first chapter [here](#).