GOVERNANCE OF ENTERPRISE IT
MISSING IN ACTION

Troy DuMoulin
VP, Research, Innovation & Product Development
Pink Elephant
Executive Summary

For a team to win games and claim championships, it needs to be more than a group of individual star players with unique sets of specialty skills. Winning teams operate under a common vision and mission, and share a playbook established by strong leaders who understand how the various members of the team are best organized to achieve team goals. Following this analogy, business and IT leaders across an enterprise should logically share a common vision, portfolio priorities and agreement on how to collectively leverage technology resources and data to achieve business objectives.

To achieve this goal it is safe to assume that the organization would need to have an effective Governance structure and framework to bring the diverse internal and external players into an alignment and shared purpose. To carry our sports analogy a bit further, what is needed is an informed and skilled Senior Coaching Staff who understand that their primary responsibility is to take a team of very diverse players and optimize their performance as a collective whole, versus focusing on one or two star players.

While using sports analogies helps, the real challenge facing the IT industry is defining what is actually meant by the concept of “Governance.” COBIT® 5 helps with this challenge by defining the difference between the activities of Governance versus those of management. Using a bit of artistic license I have summarized COBIT's five core principles – the things that we, the “enterprise IT” team, need to collectively believe in order to share a common vision around the question: “What is IT Governance?

COBIT 5 guided by its five key principles describes the outcome of Governance of Enterprise IT (GEIT) as: GEIT requires a holistic view of stakeholder value creation where the end-to-end enterprise groups responsible for IT resources adopt a single integrated Governance framework defining their collective enablers and integrated process required for shared value creation which clearly delineates the differences between Governance and management activities.
Based on the analogy of winning teams, this aspirational statement only seems logical. However, for most organizations, the reality of this statement is as much a fairy tale as the stories read to our children before bedtime. This year’s Pink Think Tank (PTT15) has taken on the subject of Enterprise IT Governance – Missing In Action and will be developing a series of Whitepapers to provide guidance on this subject.

“The real challenge facing the IT industry is defining what is actually meant by the concept of “Governance.”
# Table Of Contents

1. **GOVERNANCE OF ENTERPRISE IT** .......................................................... 5
2. **FEDERATED EMPIRE VS. WARRING CITY-STATES** ............................ 8
3. **CURRENT STATE OF IT GOVERNANCE** ............................................ 10
4. **GEIT MISSING IN ACTION (MIA)** ..................................................... 15
1) **GOVERNANCE OF ENTERPRISE IT**

The great majority of IT organizations today operate within a politically entrenched, silo-based model where GEIT is a myth and enterprise IT strategies are non-existent. At best, an enterprise IT function may have an operations strategy and a development strategy. However, for many organizations, each major silo will have its own IT strategy based on its own departmental objectives (e.g., infrastructure, business unit or Shadow IT priorities) with little to no integration or collaboration. Even the concept of one integrated Governance framework being adopted across all internal and external IT stakeholders would be scorned as impractical, naive and impossible within the current leadership and organizational structure.

To make issues more challenging, the terms “information technology” or “information services” can often be misleading because in stakeholders’ minds they relate these terms to a specific department in the organizational chart, such as a shared infrastructure or an operations group. In reality, the term Enterprise IT refers to all groups which manage information technology assets and data. The scope of GEIT Is the Governance of the IT resource and is not limited to what may be considered the IT Function. The IT resource typically includes multiple stakeholder groups, spanning both internal and external suppliers, across the end-to-end enterprise. Based on this expanded scope or definition of “enterprise,” there is often simply no agreement or vision to govern these often interdependent technology assets under one agreed-upon approach.

The problem with the current state is that while a distributed Governance model can be argued to promote creativity, flexibility and innovation, it promotes fragmentation, redundancy, waste, issues of flow and velocity. Simply put, the price of silo-based Governance is unnecessary duplication, low throughput, increased risk, exposure to liability, issues with quality and higher costs. The reality is that the current approach to silo/task specialization-based Governance comes with the price tag of a lack of scalability.
In this context when we state that Enterprise IT Governance is Missing In Action (MIA), we can point to the above symptoms as the forensic evidence of what an organization looks like when they suffer from the lack of Enterprise Governance. What is needed is a pragmatic adoption of a Federated IT Governance model. To describe this, let’s turn to some alternative analogies and metaphors.

Consider the analogy of a symphony orchestra; the sponsor of the orchestra is enabled with the right budget and mandate to go out and hire the most talented and skilled musicians from wherever they may be found. Some may be full-time “employees”, while others may be “external suppliers” who have been contracted due to a special skill they bring to the group.

Once assembled, the various musicians and orchestra sections will be told that the goal is to play George Frideric Handel’s ‘Messiah’. Each person there has been hired specifically based on their skill, and perhaps past experience playing that exact piece of music in another orchestra. The conductor turns to each section independently and says, “You know how this works. Start playing.” One can imagine the result in this example. Rather than beautiful music, even the best talent assembled for the money simply make noise, producing cacophony rather than harmony. The obvious missing element in this scenario is a single sheet of music or a common score (one integrated Governance framework) used by the conductor to manage a series of sequential and parallel musical activities, which include elements of timing, volume and cadence.
If the orchestra is presented with a single, end-to-end integrated musical score (Governance Framework), the assembled artists would each know their individual parts and could practice and improve. With the right structure in place or Governance Framework the musicians will know immediately if an error has occurred in producing the flow of music to successfully play the desired song.

The challenge faced today is that many senior IT leaders consider the current fragmented approach to IT value stream Governance and management to be normal, and even positive. Very few have questioned the cause and effect of silo-based Governance and have yet to acknowledge the cause and effect of this status quo.

“What is needed is a pragmatic adoption of a Federated IT Governance model.”
2) FEDERATED EMPIRE VS. WARRING CITY-STATES

Another model we can examine to understand the practicality of federated enterprise Governance is the historical Governance model of the Roman Empire. Long before despotic emperors led Rome to its eventual collapse, the empire had established itself as a Republic, governed by a senate. The Roman Empire was made up of several very different geographic territories called provinces, each of which was represented by a regional Governor. The Governor represented the interest of their specific province when policy decisions were made by the senate that would impact the direction and practice of the entire empire. The Emperor in this context was the Proconsul or Chair of all provinces.

In this federated Governance model the unique nature, culture and practices of the various regions were acknowledged, celebrated and promoted based on the understanding that they contributed in a positive way to the benefit of the whole. However, it was also true that the senate defined policy, practice and law which spanned the empire and held it together as a cohesive whole. Roman citizens enjoyed the benefit of a common legal system, transportation standards (as evidenced by the famous Roman roads), and the reality of a prosperous economic model that survived for hundreds of years. This Empire/Enterprise Governance model brought peace to the majority of the known world (Pax Romana) and made Rome a superpower for hundreds of years.

Source: Clipart-Finder.com
Without this federated Governance model, the provinces would have been self-contained city-states warring amongst themselves for dominance, resources and priority, eventually falling prey to a larger organization's military conquest, merger or acquisition goals. That is exactly what happened to the Roman Empire as it slowly transitioned away from its original Governance model to one driven by the strength of personality and personal ambition of its later emperors.

The state of today's silo-based IT organizations is similar to the warring city-state analogy, where each city-state or technical area looks to its own best interests and priorities. While there is often a central shared IT services function, the use of this organization's services is seen as optional.

In these cases the CIO's practical influence does not frequently extend into many areas of the enterprise where IT assets are managed, and 3rd party suppliers are engaged directly by the business through outsourcing or cloud based services.

Rarely will you see evidence of a senate-like federated Governance approach which orchestrates and coordinates the various business units' use of IT Assets and information. In fact, most organizations today can be seen investing more in divergence than coordination, through business direct acquisition of IT assets and talent, and the growth of what is popularly called Shadow IT. The very existence of these Shadow IT functions, which operate outside the oversight of an Enterprise Governance model, demonstrates the true state of IT Governance for most organizations. In fact the current observable trend is the increase of this type of direct sourcing. One way to look at the growth of Shadow IT is that it represents the loss of market share for the traditional IT organization. This trend cannot be stopped by a vain attempt at enforcement or control. It can only be addressed by establishing a federated Governance model which includes representation from all parties.

In the next section of this paper we will look at survey results which demonstrate the current state of IT Governance in most organizations.

Source: [Wikimedia](http://www.wikimedia.org)
3) CURRENT STATE OF IT GOVERNANCE

As part of Pink Elephant’s mission to research and promote best practices we work with organizations to understand their current practices in relationship to best practice frameworks. At Pink Elephant’s 19th Annual International IT Service Management Conference & Exhibition, Pink Elephant established an expert Think Tank by bringing together a group of subject matter specialists around the topic of IT Governance. The goal of this Think Tank was to discuss and debate the challenges facing organizations adopting the principles of IT Governance and to produce practical guidance and advice in the form of whitepapers and supporting materials.

In support of this activity and to establish a current state view of the practices related to GEIT, the Pink Think Tank conducted a short research survey with the attendees of the 2015 ITSM conference. The next section provides a high level overview and the results of some of the key questions asked in a survey completed by the attendees of the 2015 ITSM Conference.

Scope: The survey participants for this review represent a good cross section of verticals and industry sectors. The following graphs represent a high level summary of the findings of the survey for the purpose of supporting the problem statement of this paper “IT Governance – Missing In Action (MIA)”
The first set of statements on the survey were designed to gain an understanding as to the existence of a formal structure accountable for IT Governance. We also wished to understand the scope of which types of assets were proactively governed by a Governance body. Both of these initial statements had a relatively positive outcome demonstrating that the majority of organizations had a formal body in place and that the areas under Governance oversight are balanced and address issues outside technology and application development activities.
The next set of statements we tested were designed to understand if roles involved in IT Governance activities had a mandate for setting strategic direction. Also, it was important to understand the level of business involvement in IT Governance related activities.

*IT Governance is the responsibility of senior leadership and is understood as a strategic practice for evaluation, directing and monitoring IT's responsibilities*

The results of these survey statements demonstrated that while most organizations state they have a formal Governance council in place the primary focus is on tactical or operational related areas. IT Governance as a strategic business enabler is still at a very early level of maturity. Another observation that can be made is that board and business involvement in IT Governance is still at an early and emerging stage of evolution demonstrating that IT is largely governing itself without a great deal of outside influence.
Development and Operations are both held accountable to shared IT Governance policies and KPIs.

IT Governance expectations are documented and shared with both internal and external providers.

In the first graph we see a growing understanding that both Dev and Ops need to be governed by the same set of rules and policies. The positive result of this statement can likely be attributed to a heightened focus on system thinking promoted by both the DevOps and Lean IT communities.

Of major interest to the Pink Think Tank was the extent to which external providers were included in the scope of IT Governance activities. The resulting graph demonstrates that this is a significant gap in the current state scope.
The survey results summarized at a high level in this paper establish that the need and importance of IT Governance is understood by the participants. However, the results also demonstrate that most organizations are still at a very early stage of Governance maturity with a relatively narrow focus of oversight and scope. It is also the author’s view and observation that many organizations still struggle to understand that IT Governance is more than IT compliance or project Governance.

Based on the results of this survey, it would be reasonable to assume that most organizations would be very interested in understanding what resources are available in the form of published best practices and case studies. The final survey statement below validates this view in that all of the survey participants have indicated they either plan to leverage available resources or are already doing so. This is a very positive and encouraging finding in that organizations are demonstrating increasing interest in IT Governance frameworks such as COBIT 5. A critical success factor for the successful adoption of these resources is that senior leaders need to become aware of the true scope, nature and purpose and outcomes of IT Governance. Building executive awareness around the ISO 38500 standard and the COBIT 5 framework is highly recommended and are both excellent resources to support this goal.

Senior Leadership uses a published IT Governance standard or framework such as ISO 38500 or COBIT
4) GEIT MISSING IN ACTION (MIA)

Today, enterprise-wide Governance as described by this paper and outlined in COBIT 5 is largely missing in action, and the symptoms of this gap are represented by conflicting priorities and fragmentation of purpose. History, and the analogies used in this article, show that there is a strong case for an orchestrated approach to governing all information technology assets, under a federated enterprise Governance approach, leveraging a single integrated framework.

Until the IT industry realizes this fact and begins to move away from the silo-based, city-state Governance model of today, enterprises will not be able to scale to meet business objectives or successfully integrate multiple suppliers and will be forced to expend unnecessary effort and costs to achieve their objectives.

For decades, IT organizations have swung back and forth through periods of centralization and decentralization. The answer to Governance is actually somewhere in the middle. Based on a federated approach IT Governance is able to establish central policy – “Roman Roads” – for certain IT services and processes, but also values and promotes regional or business unit variation where this makes sense and benefits the goals of the enterprise.

Bring on GEIT. It is critical to the future success of this industry.
ABOUT PINK ELEPHANT

Operating through many offices across the globe, Pink Elephant is the world’s #1 provider of ITIL® and IT Service Management (ITSM) conferences, education and consulting services.

Pink Elephant is proud to be involved since the very beginning of ITIL – no one has more experience. To date, more than 350,000 IT professionals have benefited from Pink Elephant’s expertise. Pink Elephant has been championing the growth of ITIL worldwide since its inception in 1989, and was selected as an international expert to contribute to the ITIL V3 project as authors of V3’s Continual Service Improvement book and through representation on the International Exam Panel.

Service Lines

Pink Elephant’s service lines each provide different, but complementary business solutions:

PinkEDUCATION: Pink Elephant is the most prolific creator and widespread distributor of ITIL and ITSM training. We offer training for: ITIL, ISO, COBIT®, Lean and other ITSM best practices. Pink is internationally accredited with EXIN, APMG, and PEOPLECERT, independent examination institutes that manage the ITIL certification program. The Project Management Institute (PMI) also recognizes Pink as a Registered Education Provider

PinkCONSULTING: Using ITIL and other best practice frameworks and approaches, Pink Elephant provides end-to-end solutions – from assessments, to strategic planning to implementation, continuous improvement and beyond. Experienced consultants work hand-in-hand with our customers every step of the way

PinkONLINE: We offer many online course options for education, and many online tools to help with your ITIL and ITSM process improvement projects, including PinkATLAS™, which contains hundreds of process deployment documents

PinkCONFERENCES: Pink Elephant is the world’s largest producer of ITSM conferences and delivers several major events per year to thousands of IT professionals

PinkVERIFY™: Pink Elephant’s internationally recognized “ITSM Tool Suite Stamp Of Approval” validates toolsets that meet a set of functional requirements as defined by ITIL best practices

© Pink Elephant Inc., 2015. The contents of this case study are protected by copyright and cannot be reproduced in any manner. Pink Elephant and its logo, PinkVERIFY, PinkSCAN, PinkATLAS, PinkSELECT, and PinkREADY are either trademarks or registered trademarks of Pink Elephant Inc. ITIL® is a registered trade mark of AXELOS Limited. COBIT® is a trademark of ISACA® registered in the United States and other countries.