Preface

Nicholas Carr’s prize-winning article “IT doesn’t matter” (Carr, 2003) was a rough wake-up call for the IT industry. The business value of information technology (IT) had never been undisputed, but Carr’s rigorous conclusion symbolized the end of the e-business hype that marked the end of the ‘90s and the start of the new millennium. The rapid rise of the Internet created inflated expectations about the value of online customers and Internet sales channels. However, as the e-business hype exploded in the face of many believers in this new-economy, Carr confirmed the doubts of many others, stronger than ever before.

In response to the hype of the ‘90s and to new regulations following managerial mayhems like Enron and WorldCom, the first decennium of this century saw an increased emphasis on governance. The Sarbanes-Oxley Act of 2002 stated that public companies should have a framework of control processes and measures installed. With regards to IT, Sarbanes-Oxley meant a revival of the earlier published, but almost forgotten, framework of Control Objectives for Information and related Technology (Cobit). Today, many organizations use Cobit in their planning and control cycle of IT, in order to assure that IT brings value to their businesses.

One of the lessons learned from IT governance is that realizing value from IT requires a mature organization that can deliver this value. Performance measurement and management is therefore a key element in realizing business value through IT.

READERSHIP

This book covers the interrelationships between . It covers 15 chapters, contributed by 35 professionals from around the world, reporting high-level academic research outcomes into IT governance, business value or performance measurement. This book provides evidence-based insights into the management of IT and its contributions to organizations. The book therefore appeals to both academics and practitioners in the field of IT management and business and IT alignment.

ORGANIZATION

The book is structured in three sections, with the following major themes:

1. IT Governance Implementation, consisting of six chapters,
2. Business Value & Strategic Alignment, comprised of four chapters, and
The next paragraphs provide a short introduction into each chapter.

OVERVIEW

As the book is devoted to a very diverse range of topics contributed by a large number of professionals and academics, readers may find a bird’s eye view of the contents of the chapters useful.

Section 1: IT Governance Implementation covers implementation, implementation considerations and widely adopted frameworks for enterprise IT governance in different contexts.

Chapter 1, Frameworks for IT Governance Implementation discusses and compares two of the most important frameworks for implementing and improving IT governance: ITILV3 and Cobit 4.1. In this chapter, the author shows that the two frameworks are complimentary and create the most added value when used in combination.

Chapter 2, Practical Approach for Implementation of Governance Process in IT: Information Technology Areas, reports on a study into the development of IT governance models applicable to Brazilian companies. The study was triggered by the observation that Brazilian companies have been implementing the familiar models, published in (Western) literature, but that the applicability of these models in the Brazilian context has been subject to discussion. This chapter explores how the models should be adapted to fit the needs of Brazilian companies.

In chapter 3, Adoption of Information Technology Governance in the Electronic Manufacturing Sector in Malaysia, describes the relationship between IT governance maturity and IT governance performance. Based upon a study of 33 organizations in the electronics manufacturing sector in Malaysia, the authors conclude that understanding and implementation of IT governance is more developed than familiarity with and knowledge of IT governance frameworks.

Chapter 4, Is the Perceived IT Governance Maturity Level Enough? A Case Study of a Korean Enterprise, reports a case study into the perception of the level of IT governance and compares it to an actual assessment of the level. The study indicates that consistent monitoring of the level of IT governance, based on a well-devised control framework, is desirable.

In chapter 5, IT-Assurance with Cobit, the Cobit framework is linked to IT Assurance. The chapter introduces requirements for IT Audits and IT Assurance projects and discusses the boundaries of applying the Cobit IT Assurance Guide in such environments.

Chapter 6, On the Determinants of Enterprise Risk Management Implementation, concludes the section on IT governance with an exploration of how Enterprise Risk Management (ERM) is influenced by the composition of the managerial board. The main result of this study is that the position of the CEO in the board has an important influence on the level of ERM.

Section 2, entitled Business Value & Strategic Alignment, consists of four chapters which discuss the issues and practices regarding IT business value and strategy alignment. While top management applies IT to deliver value to business enterprises, aligning IT strategies with business strategies is an effective first step to achieve such a target.

In chapter 7, The Business Value of IT: A Conceptual Model for Understanding and Selecting Valuation Methods, the quest for IT business value and valuation is explored. After an overview of valuation methods and techniques, the authors develop a comprehensive model to select an appropriate valuation method, based on the characteristics of the investment.
Chapter 8, *Developing a Tool to Enhance Strategic Alignment Towards Business Performance*, links business and IT alignment to IT business value from the perspective of the business manager. It reports on a study about how business managers can influence and increase the value of the IT services they receive. The study developed a Quickscan questionnaire that provides business managers with a ready-to-use and validated tool to enhance alignment and improve IT business value.

Chapter 9, *The Relationship between Business Strategy, IT Strategy and Alignment Capability*, takes a contingency approach to alignment by exploring the relationships between business strategy, IT strategy and alignment capability. It seeks logical combinations of business strategy and IT strategy and tries to understand how it affects the value of alignment.

The final chapter of Section 2, Chapter 10, *On Leadership, Intellectual Capital Creation and IT Governance*, takes a more resource-based approach to value and alignment. It explores how leadership and intellectual capital creation may be associated with IT governance. The chapter presents four vignettes on the experiences of four exemplary pioneering leaders to illustrate this argument.

**Section 3: Performance Measurement & Resources Management**, is comprised of five chapters that explore the performance measurement and resource management and their roles in realizing business value through IT.

Chapter 11, *The Benefits of an E-Business Performance Measurement System*, investigates how organizations have been adapting their performance measurement practices in response to their adoption of e-business in their business operations. Its aim was to identify the features and benefits of an effective e-business performance measurement system.

Chapter 12, *The Application of Fuzzy Performance Modelling Procedures in Extended Enterprise Performance Measurement*, expands the use of concepts of performance measurement to the extended enterprise. Based on the observation that companies are part of a value chain of partnering organizations, the authors argue that the concept of performance, as it is measured and evaluated, is evolving. Performance measurement should not just cover the performance within an organization, but it should cover the performance of an enterprise network. The chapter presents an extended enterprise performance measurement system that can theoretically present models, measures and data from all aspects of the participating companies.

Chapter 13, *Personnel Performance Management in IT eSourcing Environments*, also places performance measurement in the context of the extended enterprise. It proposes a model of improvement of performance management of the activities of clients and suppliers, governed by the e-Sourcing Capability Model (eSCM) through the use of the management of performance of human capital defined in the People Capability Maturity Model (P-CMM). The goal of the model is to manage, in the most efficient way possible, one of the most important assets of the organizations, human capital, in an enterprise network.

Chapter 14, *Performance Measurement in an Outsourcing Environment*, describes the application of a performance management framework to an IT outsourcing context. The framework, known as the Holistic Approach (HABIO) framework, is applied to two major commercial organizations indicating financial assessment, monitoring information for performance and quality of service which can be incorporated into service operations and benchmarking criteria.

In chapter 15, *Technology Partner Governance*, the governance of an outsourcing relationship is covered. Outsourcing of IT responsibilities is becoming more prevalent and the outsourcing costs make up a large proportion of the IT budget. However, these outsourced relationships can present a series of challenges and complexities if they are not managed and effectively governed. This chapter challenges the current paradigm of utilizing traditional contract management for managing outsourcing relation-
ships. It proposes an alternative approach that repositions contract management from a strategic point of view within the total context of IT governance. This chapter also touches on how to establish a pathway toward multi-vendor governance or multi-technology partner governance.

CONCLUSION

Although most chapters in this book provide practical insights, models and tools that are instrumental in getting business value from IT, overall they suggest that there is no silver bullet for aligning, governing or achieving value from IT. Getting optimal value from IT requires effort both on a strategic level, by alignment and governance, and on a more operational level, by measuring and managing performance. It is this combination of activities, on all levels, that creates the conditions for adequate value delivery.

This conclusion may not appeal to those seeking ‘quick fixes’ to the problem, but quick fixes are not always a realistic option. In IT, a long-term view is required to deliver short-term solutions.