Preface

IT governance is a concept that recently emerged and became an intergral aspect within the complex realms of information technology (IT). IT governance consists of the leadership and organisational structures and processes that ensure that the organisation's IT sustains and extends the organisation's strategy and objectives. IT governance is closely related to enterprise governance. In fact, the IT Governance Institute states that IT governance should be an integral part of enterprise governance. This implies that IT governance impacts all layers in the organisation, from operational management to senior and executive management, and finally the board of directors. This also suggests that IT governance is fundamentally different from IT management. IT management is focused on the effective and efficient internal supply of IT services and products and the management of current IT operations. IT governance in turn is much broader, and concentrates on performing and transforming IT to meet present and future demands of the business (internal focus) and its customers (external focus).

In market surveys (e.g., Gartner, Forrester, etc.), CIOs highlight IT governance as being an important management priority, together with the related theme for better business/IT alignment. Indeed, different studies have proven that a better alignment between the business and IT have resulted in a better IT service for the business an ultimately in better business performance.

The authors are not sure as to when the IT governance concept surfaced. However, Gartner introduced the idea of "improving IT governance" for the

first time in their Top-ten CIO Management Priorities for 2003 (ranked third). In 1998, the IT Governance Institute was founded to generate awareness of the IT governance concept. In academic and professional literature, articles mentioning IT governance in the title began to emerge in 1999, for example Sambamurthy and Zmud with "Arrangements for information technology governance: A theory of multiple contingencies," and Van Grembergen, in 2000, with "The IT balanced scorecard and IT governance." We, therefore, conclude that the IT governance concept emerged in the late nineties, but that a lot of the underlying elements of the strategic alignment discussion attracted attention many years before.

IT governance has become an important discussion topic within most organisations. Some corporations and government agencies have started with the implementation of IT governance in order to improve the fusion between business and IT and to obtain the needed IT involvement of senior management.

To obtain more insight in these implementations, and to provide practical guidance for organisations, Microsoft Belgium and the Information Technology Alignment and Governance (ITAG) Research Institute (www.uams.be/itag) of the University of Antwerp Management School (UAMS) decided to set up a joint research project on Information Technology Governance practices.

Based on IT governance theories and frameworks, this book has studied a selection of large organisations in order to obtain practical insight into the IT governance issue and to come up with an answer to the following questions:

- Which IT governance structures, processes, and mechanisms are used in reality within organisations?
- Does the implementation of these structures, processes, and mechanisms result in a better fusion between business and IT?
- Will it contribute to the organisations bottom-line?
- What are the influencing factors on the IT governance practice?
- Which contingencies are to be taken into account?
- What is the maturity level of the IT governance effort?
- How will one try to get to the next level?

The target audience for this book is executive management and IT management who are searching for answers to the aforementioned questions. The presented IT governance models and the description of how they are applied in the reviewed organisations may assist the readers of this book in implementing their own specific IT governance structures, processes, and relational mechanisms. Still, it is important to note that what can work in one enterprise, can be less effective in other organisations. This book can also be used by master students majoring in MIS and MBA. Both will benefit from the IT governance concepts in the text and will certainly learn from the presented cases.

The case research presented in this book was conducted during the 2003-2005 period and the results are published in this book. Besides an extensive overview on the available theoretical concepts and models of IT governance and IT governance practices in corporate environments, this book concentrates on a practical approach based on the observed best practises implemented at the studied organisations. This should allow to develop new insights in the complex matter of IT governance and to provide practical guidance for organisations that are implementing IT governance practices.

This book is organised around five main chapters.

Chapter I records and interprets some important existing theories, models, and practices in the IT governance and strategic alignment domain. IT governance will be defined and its relationship with corporate governance and IT management clarified. A separate section is devoted to the concept of strategic alignment, one of the key elements of IT governance. Finally, a detailed set of IT governance structures, processes, and relational mechanisms is discussed that can be leveraged to implement IT governance in practise. Two important IT governance processes, COBIT and the balanced scorecard, are discussed in more detail in chapters 2 and 3.

Chapter II focuses on how COBIT can be leveraged as an instrument to implement IT governance. All the components of the COBIT framework are explained and guidance is provided on how COBIT can be adapted to or applied in a specific organisation. This chapter also makes reference to some other publications that can support IT governance professionals in using COBIT in practice.

Chapter III addresses the IT balanced scorecard as a possible measurement and management tool to support the achievement of strategic alignment. In this chapter, the application of the balanced scorecard is illustrated in more detail through a case study of a major Canadian financial group, where the balanced scorecard was adopted in its full scope.

In order to obtain an understanding on how large organizations implement IT governance in a pragmatic way, Chapter IV describes six case studies from different sectors. Case research is particularly appropriate for research within the IT domain because researchers in this field often lag behind practitioners in discovering and explaining new methods and techniques. This is certainly true for the concept of IT governance. The purpose of this case study research is to look for different IT governance elements in use and to determine how they contribute to better IT governance within the organisation.

Based on prior research and complemented with the observed best practices captured from the case study research, a set of guidelines and ideas is compiled in Chapter V, which should help an organization in achieving better IT governance. From this collection of practical guidelines and best practices, the reader can pick those that best suit a specific environment.