

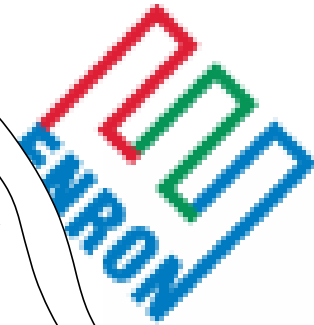
IT Corporate governance

Summer School of ITC Law
2009,

Peter Balco, peter.balco@hp.com
September 14-18th 2009, Kaskády Galanta, Slovakia

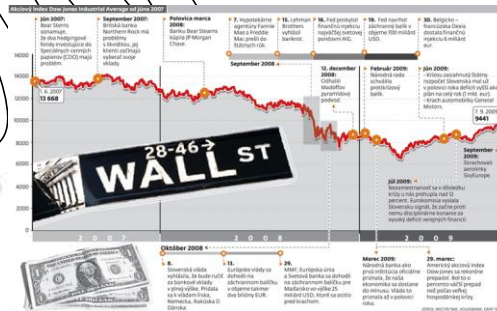


Do you know ?



BRISTOL

\$\$\$..?



Corporate Governance I.

- **CG** is an internal **system** encompassing **policies**, **process** and **people** which **serves** the needs of **shareholders** and other **stakeholders**
(Gabrielle O'Donovan business author)
- **Common principles:**
 - Right and equitable treatment of shareholders
 - Interests of other stakeholders
 - Role and responsibilities of the board
 - Integrity and ethical behavior
 - Disclosure and transparency

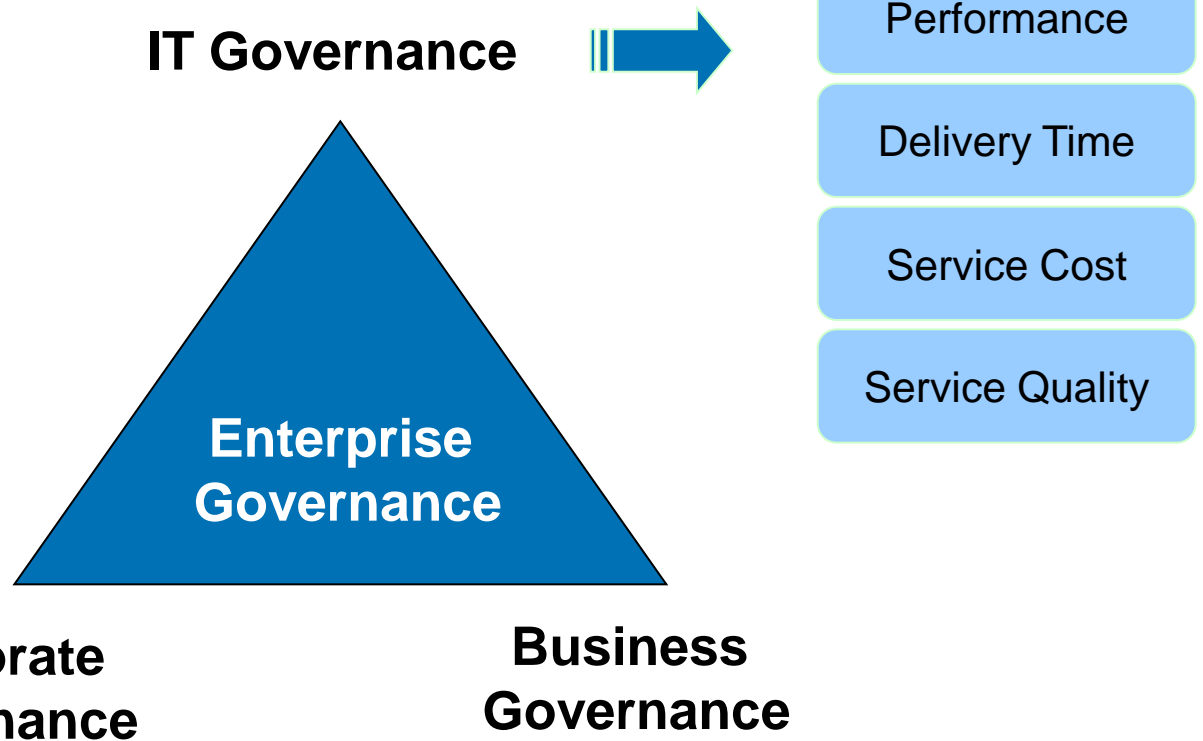


Corporate Governance II.

- **Mechanisms and control:**
- **Internal:**
 - Balance of power
 - Internal control procedures and internal auditors
 - Monitoring by the board of director
 - Remuneration
- **External:**
 - Competition
 - Government regulation
 - Media pressure
 - Demand for assessment of performance information
 -
- **Problems of CG:**
 - Demand of Information
 - Monitoring cost
 - Supply of accounting information



View on the Governance



Conformance
Processes

Assurance,
Security, Integrity

Performance
processes

Value Creation
Resources Management

WHY IT Governance



- **Reasons for IT Governance**

- IT is standard business tool today
- Large volume of \$\$, EUR, ... is investing in IT
- Business know a lot of unsuccessful IT investments
-

- **Question:**

Businesses need a new equation—one that makes IT governance a strategic component of the overall corporate strategy.



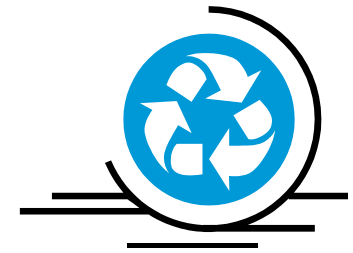
Need we have any framework for higher level of management to help understand conformance with obligations (regulatory, legislation, common law, contractual) concerning the acceptable use of IT.

Role of IT Governance

Proper corporate governance of IT may assist directors in assuring conformance with obligations (regulatory, legislation, common law, contractual) concerning the acceptable use of IT.

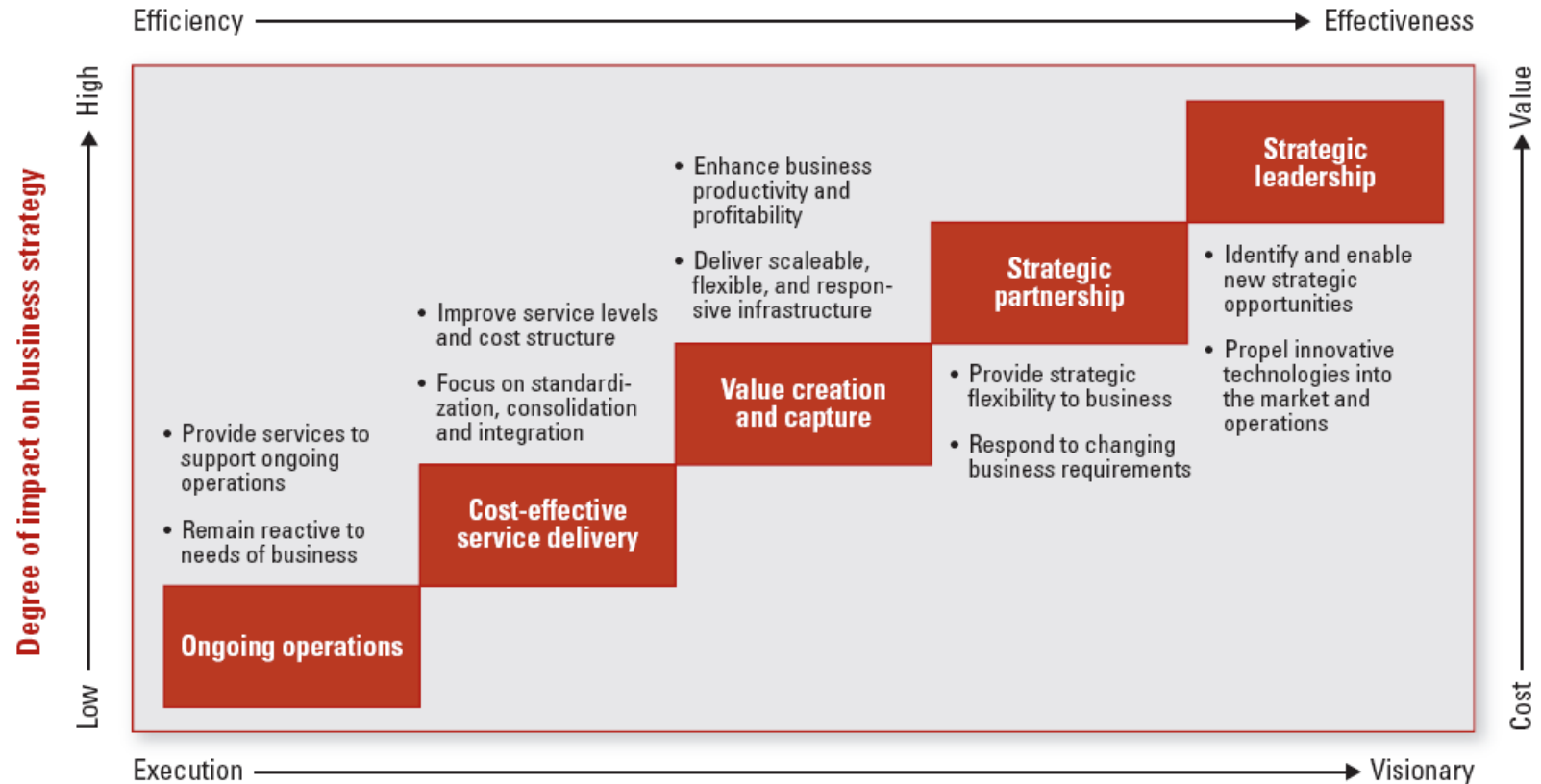


7 principles of IT Governance



- IT is viewed as a strategic business asset and managed as a portfolio
- Technology ignorance is not accepted. IT participate in technology investment decision
- IT has board of director/level oversight and clear executive leadership
- There is no “one size first all” IT governance model
- IT is an essential part of corporate planning and strategy
- It plays an active leadership role in transformation and innovation
- IT’s impact on the business is measured and monitored

Role of IT Governance



Source: A.T. Kearney

Role of IT governance

Key questions to identify initial areas of focus for IT Governance

IT portfolio

- Are the appropriate IT infrastructure and applications in place?
- Is the company getting business and strategic benefits from the IT portfolio?
- Is there a life-cycle management plan to manage IT assets?

IT and business continuity

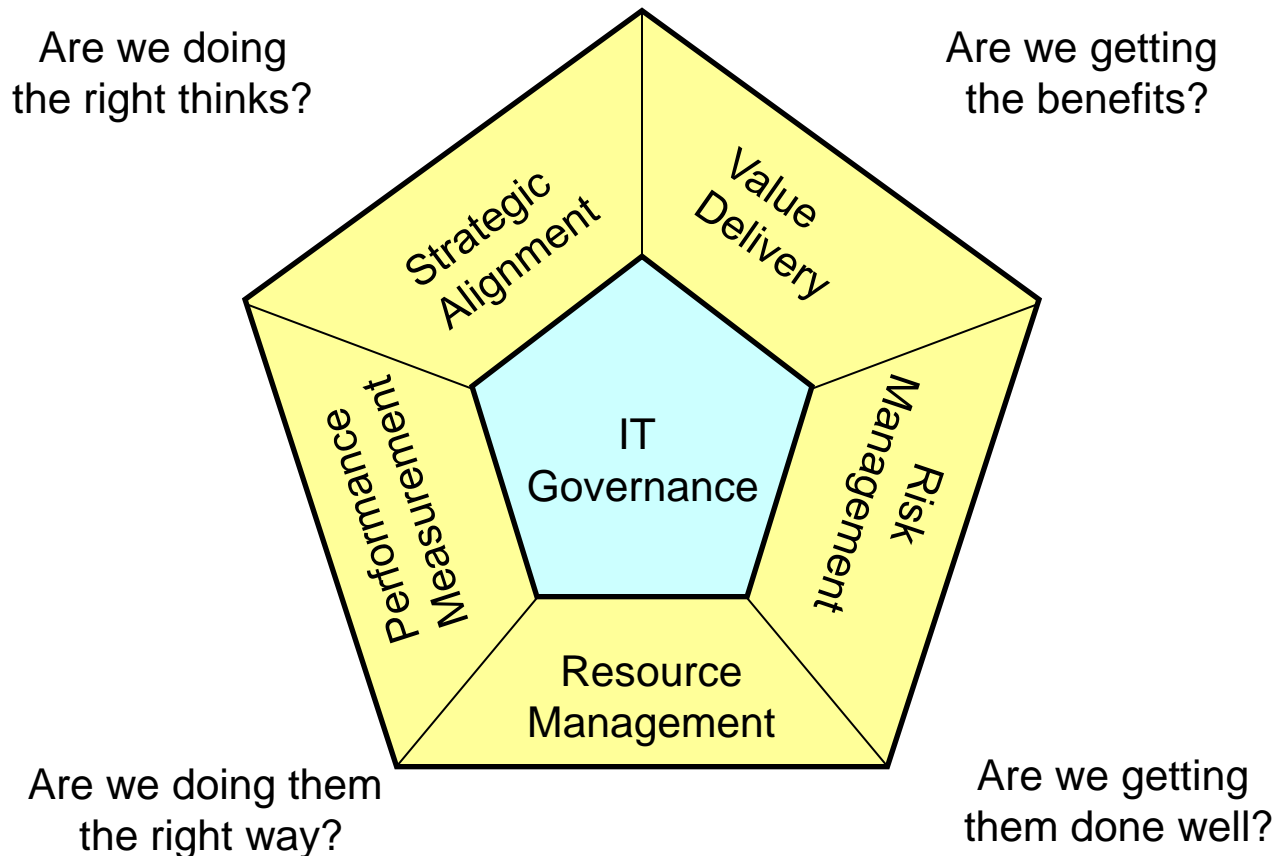
- Are data security measures adequate?
- Will recovery measures safeguard all IT systems and business continuity?
- Do management processes guard against operational and strategic IT risk?

Assessment and communication

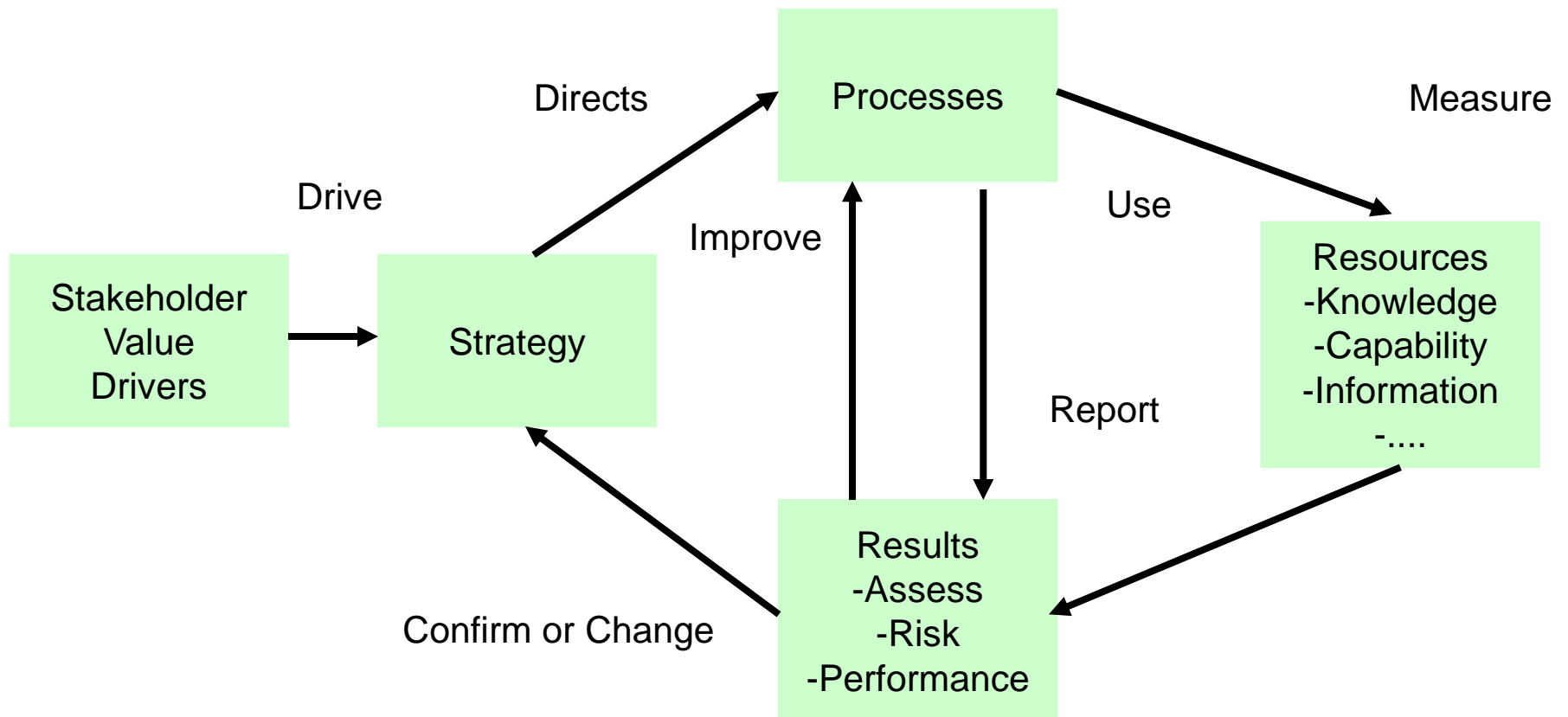
- Is there a consistent approach for evaluating emerging technologies?
- Are the assessment and IT cost benchmarks used effectively to better understand opportunities, performance and competitive positioning?
- Do the processes control and communicate IT issues, in clear business terms, to senior managers and the board?

Source: A.T. Kearney

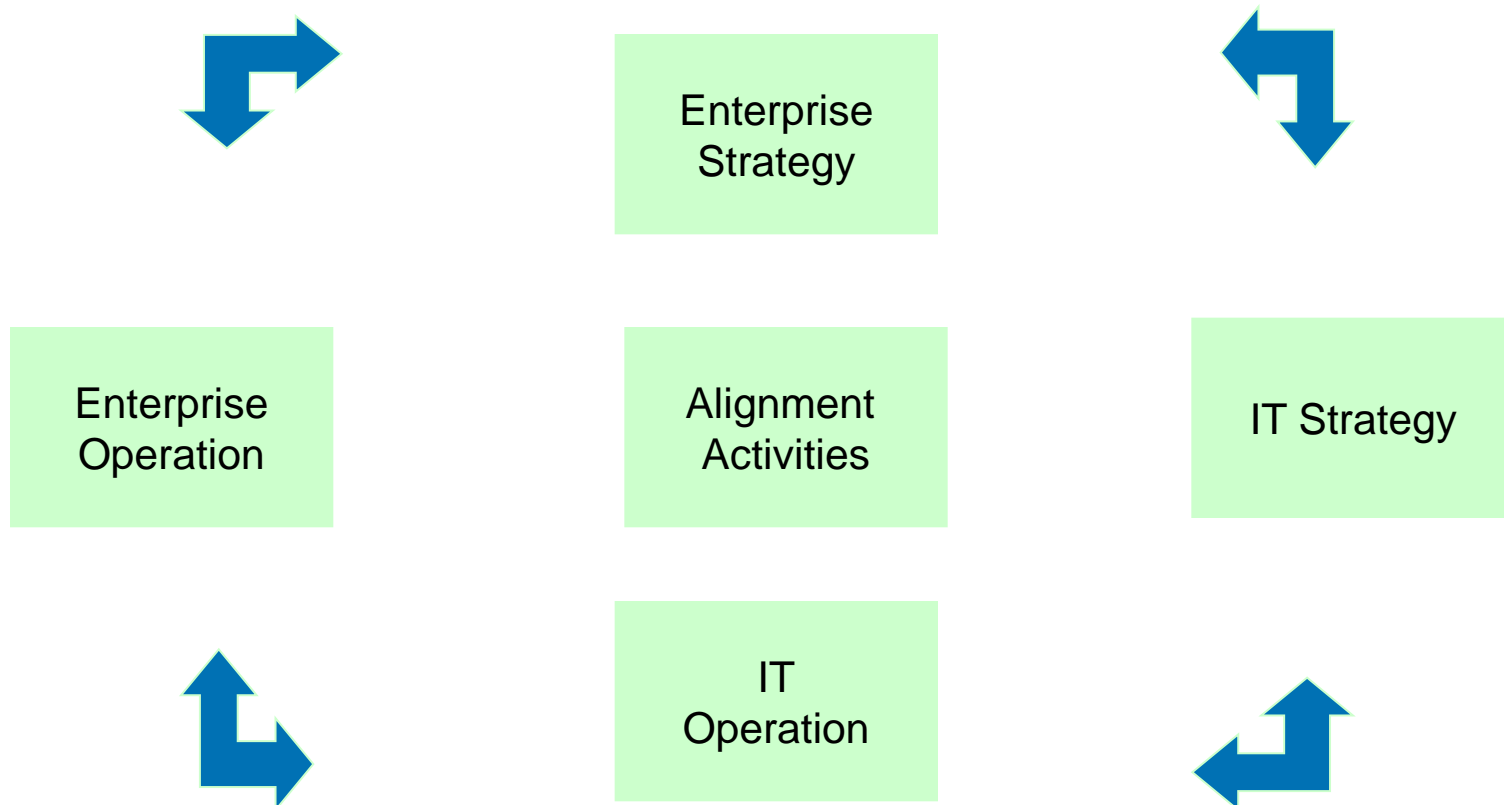
Five Focus Areas of IT Governance



IT Governance Process



IT Enterprise Alignment



IT Strategic Objectives

Enterprise
Strategy

Business
Functions

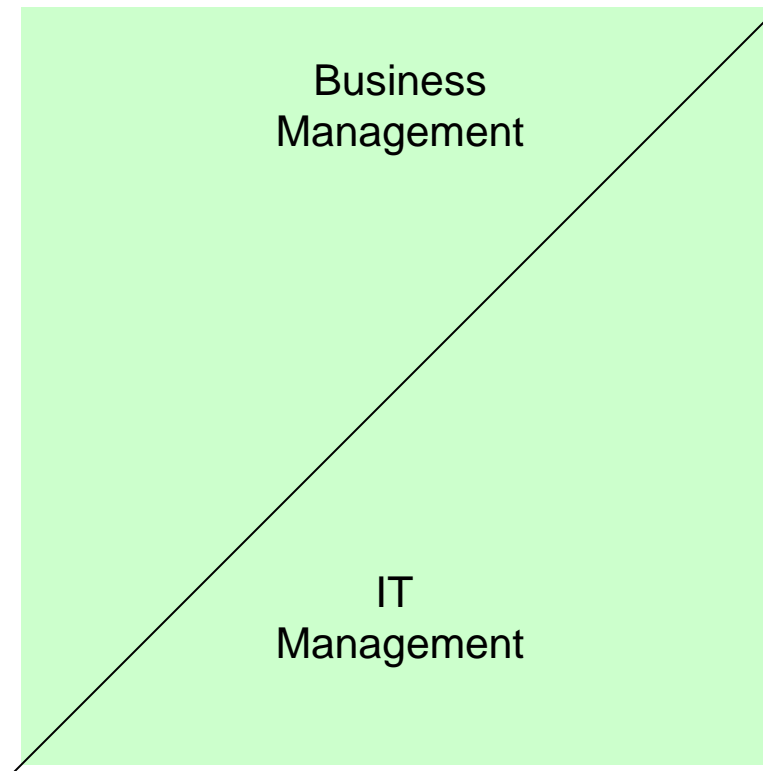
Application
Architecture

Technical
Infrastructure

Source
Staffing

Funding

IT Value



IT Governance Implementation

- Set up Governance organization framework
- Align IT strategy with business
- Understand /define the risks
- Define target areas
- Analyze current capabilities and identify gaps
- Develop improvement
- Measure results
- Repeat steps 2-7 on a regular basis

IT Governance and Standards

- **ISO/IEC 38500 International standard - Corporate governance of information technology**
- This standard provides a framework for effective governance of IT, to assist those at the highest level of organizations to understand and fulfill their **legal, regulatory, and ethical obligations** in respect of their organizations' use of IT
- **Reference documents:**
 - Report of the Committee on the Financial Aspects of Corporate Governance, Sir Adrian Cadbury, London, 1992 ISBN 0 85258 913 1
 - OECD Principles of Corporate Governance, OECD, 1999 and 2004
 - ISO Guide 73 2002 - Risk management — Vocabulary — Guidelines

ISO/IEC 38500 Scope

- This standard provides guiding principles for directors of organizations (including owners, board members, directors, partners, senior executives, or similar) on the effective, efficient, and acceptable use of Information Technology (IT) within their organizations.
- This standard applies to the governance of management processes (and decisions) relating to the information and communication services used by an organization.
- These processes could be controlled by IT specialists within the organization or external service providers, or by business units within the organization
- It also provides guidance to those advising, informing, or assisting directors.
 - senior managers;
 - members of groups monitoring the resources within the organization;
 - external business or technical specialists, such as legal or accounting;
 - specialists, retail associations, or professional bodies;
 - vendors of hardware, software, communications and other IT products;
 - internal and external service providers (including consultants);
 - IT auditors.

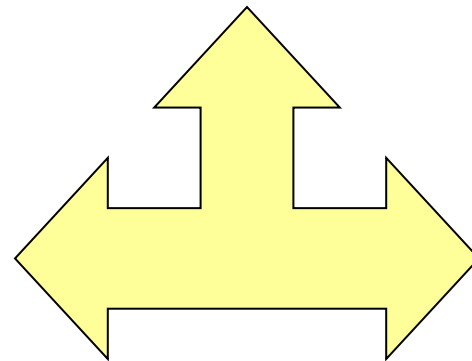
Structure of standard ISO/IEC 38500

**FRAMEWORK FOR GOOD CORPORATE
GOVERNANCE OF IT**

**Principles (Responsibility , Strategy ,
Acquisition , Performance ,
Conformance
Human behavior)**

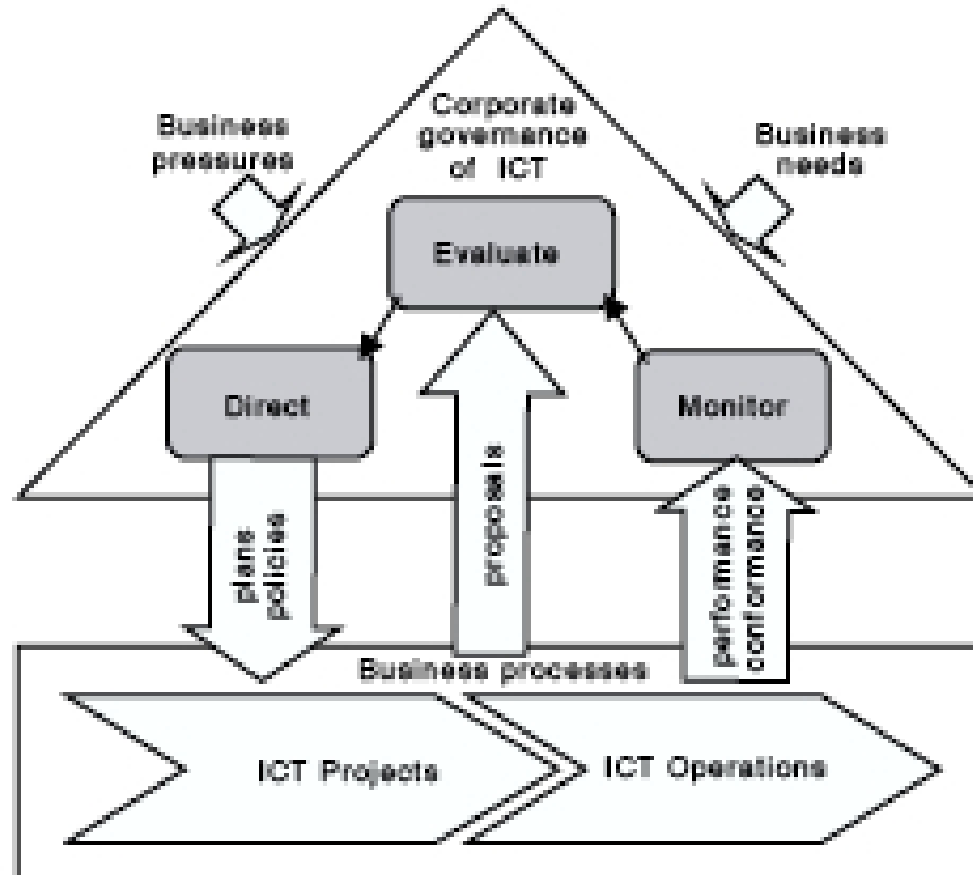
Model

**SCOPE, APPLICATION
AND OBJECTIVES
(Scope, application,
Objectives, Benefits, Definition)**



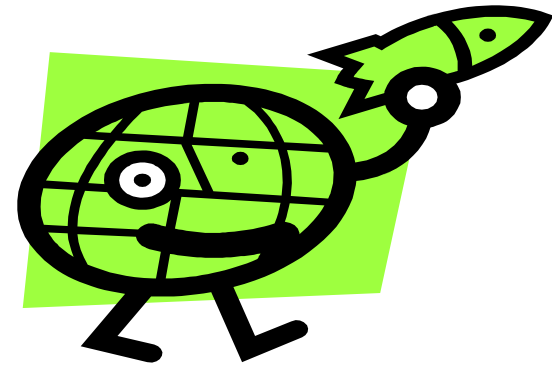
**GUIDANCE FOR THE
CORPORATE
GOVERNANCE of IT**

Model of IT Corporate Governance



NEXT steps in standardization

- Other standard in phase of design ...
 - ISO/IEC NP 29151 Software and System Engineering – Corporate Governance of Information Technology
 - ISO/IEC NP 29184 Information Technology -- Corporate Governance of IT Implementation Guide
- Standard for voting
 - *Information Technology*
 - *Digital Forensics Governance Framework.*
 - *Governance of Service Level Management in an Outsourced Environment*

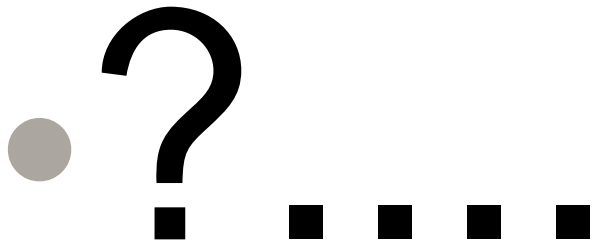


New projects

- Work groups for IT governance
 - 1, *Study Group to Start the Investigation into the Possibility of Additional Standards or Guidance in the Area of IT Governance for Cloud Computing*
 - 2, *Study Group to Investigate the Possibility of Additional Standards or Guidance in the Area of IT Governance for Service Providers*
 - 3, **SLOVAKIA is co-convener** *Study Group to Investigate the Possibility of Additional Standards or Guidance in the area of IT Governance for IT Audit*
 - 4, *Study Group to Investigate the Possibility of Additional Standards or Guidance in the Area of IT Governance for Enterprise Architecture*



Questions



Thanks for your attention