



IT GOVERNANCE  
ROUNDTABLE:  
DEFINING IT GOVERNANCE

# IT GOVERNANCE ROUNDTABLE: DEFINING IT GOVERNANCE

## IT Governance Institute®

The IT Governance Institute (ITGI™) ([www.itgi.org](http://www.itgi.org)) is a non-profit, independent research entity that provides guidance for the global business community on issues related to the governance of IT assets. ITGI was established by the non-profit membership association ISACA in 1998 to help executives and IT professionals ensure that IT delivers value and its risks are mitigated through alignment with enterprise objectives, IT resources are properly allocated, and IT performance is measured. ITGI developed *Control Objectives for Information and related Technology* (COBIT®) and Val IT™, and offers original research and case studies to help enterprise leaders and boards of directors fulfil their IT governance responsibilities and help IT professionals deliver value-adding services.

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# IT GOVERNANCE ROUNDTABLE: DEFINING IT GOVERNANCE

In September 2008, I attended a roundtable discussion in Brisbane, Australia with the following esteemed colleagues:

- Micheal Axelsen, FCPA, Director, Applied Insight Pty Ltd., Australia
- Ashley Goldsworthy, AO, OBE, FTSE, FCIE, FCPA, Professor, Australia
- Duncan Martin, CISA, ACA, CIA, CPA, Chief Financial Officer, The Rock Building Society Ltd., Australia
- Glen McMurtrie, CISA, CBM, CFE, Principal Internal Auditor, Department of Communities, Australia
- Simon Middap, Group Manager, ICT and Projects, ENERGEX Ltd., Australia
- John Thorp, CMC, I.S.P., The Thorp Network, Inc., Canada

As moderator for the discussion, I chose to focus on some of the key issues around IT governance. In particular, we spent time discussing the definition of IT governance.

We are grateful to the ISACA Brisbane Chapter for hosting this event. And I thank the participants for taking time out of their busy schedules to share their thoughts in such an open and candid manner.

Tony Hayes, FCPA  
Queensland Government, Australia

# IT GOVERNANCE ROUNDTABLE: DEFINING IT GOVERNANCE

**Tony Hayes (TH):** To guide our discussion, we should go around the table to share where you've all been in your careers. I think this will help the flow of our conversation to know where people have been and what they've done.

I'm Executive Director of the Public Service Commission, currently acting as the Chief Executive. I've been working for 28 years in the information systems industry in a variety of roles—everything from having pressed those green and red buttons on the tape drives used many years ago to using the latest in technology. I've stepped up through various roles such as systems analyst, programmer and project leader, and have been involved in project implementation and change management. I've also been involved with some large government agencies, implementing systems and policies around investment management—where they've been spending in excess of \$80-100 million (new money each year) on information systems within the one organisation. I've also been involved recently with setting up governance processes for the Queensland Government.

**Glen McMurtrie (GM):** I'm President of the Brisbane Chapter of ISACA. I've been working for 23 years in the public sector in various roles, such as handling investigations and prosecutions of information systems and also in general audit roles. My current position in the human services portfolio has proved to be one of the most enlightening periods of my life, assisting the human services portfolio in coming to grips with implementing value in governance.

**Micheal Axelsen (MA):** I'm FCPA with CPA Australia. One of the things I like to do in my spare time is chair the IT Centre of Excellence for CPAs. For about the last 10 years, I've been consulting in areas such as how businesses should set up and structure their information systems. I remember when I thought that 20 megabytes on a server was always going to be enough for any organisation to run. Apparently, it isn't; it's enough for one PowerPoint presentation these days! And I've moved slightly out of that consulting role into more of a systems review role, while also doing my Ph.D. now at the University of Queensland—on international financial reporting standards and their impact on IT audit methodologies in Australia and presumably overseas as well. I've probably focused a lot more on small- and medium-sized enterprises and smaller public agencies than on the large ones, and it's very interesting to see how similar their problems are, although the small and medium-sized enterprises don't have the resources to address the issues.

**Simon Middap (SM):** I'm from ENERGEX—the electricity distribution company in southeast Brisbane. I've worked in IT since 1973. I've been enjoying the energy industry. I've actually been with ENERGEX and its predecessors for 32 years. In that time, I've spent most of my time in IT, but I was lucky to have a bit of a sabbatical in the customer services role for about six years before I came back to the position I'm in now, which is CIO of ENERGEX. As an organisation that is very much engineering- and technology-based, IT and innovation are critical parts of what we do and how we deliver energy to our customers in southeast Brisbane. It's a big part of our portfolio and is probably at least 10 percent of the capital contribution from the overall money that ENERGEX spends on its network. So, it's pretty important.

**Duncan Martin (DM):** I'm Chief Financial Officer for The Rock Building Society, which is an authorized deposit-taking institution (ADI), specialising in residential mortgage loans. I'm back to my original base, I suppose. I was a chartered accountant. I left the armed forces to join KPMG in the UK. I spent 16 or so years there in audit, external audit and internally initiating IS audit, during which time I became aware of ISACA and got my IT governance certifications and other bits and pieces. My family and I came over to Australia with KPMG and I continued in my IS auditing role before being poached from KPMG to a business city council and then back to my original purely financial role at The Rock Building Society.

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**John Thorp (JT):** I started in 1963 as a computer operator. I spent about 10 years of my life in internal information systems. Then I became a systems engineer for IBM, so I was in more of a support role and I supported a lot of live government installations at that time—large data centres. I've probably done just about every job within IT, including a little bit of network and database work, and increasingly I have been involved with planning and strategic planning. About 20 some years ago I started to focus on the question of value because I got rather tired of being thought of as the best guy in town to do strategic plans, but those plans never went anywhere. They were lovely plans, but no one ever did anything with them. That really got me thinking about this value piece and that led me to write, together with Fujitsu Consulting, a book called *The Information Paradox*,<sup>1</sup> which was about why we keep spending all this money, more and more, on technology yet increasingly ask, what are we getting for it? That led me into governance and change management, and the issues around that as well. I have spent a significant part of my last 20 years both thinking about and helping organisations implement governance to improve not just how they run the factory, which is important, but how they actually get value from technology.

**Ashley Goldsworthy (AG):** I've spent a lot of my early career in IT; I was one of the first programmers recruited by the Bureau of Statistics. As I've moved through my career, I've retained an active interest not only in the operations side of IT, but also in the professional side. I've served for several terms as president of the Australian Computer Society. I was the founder of the CPA Centre of Excellence and I also served as the world president. Then I moved on in business to CEO roles in banking, insurance, construction and others, and then I retired. In my first retirement, in 1990, I became dean of a school of business at a university and was heavily involved in IT there on the academic side. Since leaving the academic world, I've gone back to the business world. In fact, one of the companies which I chair and am CEO of today is a software start-up. A lot of my business career, even as a CEO, has been closely associated with IT.

**TH:** I think what is obvious about this group is that it's not by fluke that this group has come together—the breadth, depth and diversity that is around this table in terms of experience and acumen in this industry. But it's also bringing CFO, CIO, CEO—that C-suite, as it is often called—dimension to the table, plus the assurance, accounting and various other roles. There are a few of you around the table who have been in all of the roles in varying stages of your careers. So I think the rich discussion we can have today will be around bringing that dimension to the fore. Now, let's get down to the topic of interest—governance.

**What is IT governance? And what has it meant to your organisations and other organisations you've worked with during your career?**

**SM:** I'm in a capital-intensive business. From an ENERGEX perspective, one of the issues with any investment and capital infrastructure is that whoever goes up for the dollar has to fight with everybody else. For some time we've had a conversation with our senior executives that it is better to put in a substation or spend \$100 million on some IT system, and have the necessary benefit discussion. So the dollar that you actually spend, which does something real and is visible to the customer, is obviously very important, but in some cases that's somewhat short-sighted and actually gets you only a part of the way. If you can invest in an IT system, you then provide something that has longevity and adds even more value. It's during a benefits comparison of one investment to the other that you have to take into consideration the risks and all those other sorts of things that go along with the project governance, which is encapsulated by IT governance. The big issue in our organisation is that we're trying to look at IT governance in regards to our overall business perspective. We're trying to manage all of our investments at a portfolio level. It's also an education session for the senior executives—you need to take them along for the ride as well. When you're talking about investments, it's the life of the investment that also is at issue, especially now that IT is changing so frequently. We're still comparing that against a long-term investment, like a substation, which potentially has a 25- or 35-year life.

<sup>1</sup> Thorp, John; *The Information Paradox—Realizing the Business Benefits of Information Technology*, Revised Edition, McGraw Hill, 2003 (written jointly with Fujitsu; first published in 1993 and revised in 2003)

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**JT:** If we were to use the term ‘governance’ 20 years ago, we would have drawn blank stares. By and large, I think it’s emerged and I think it’s evolving. I personally don’t like the term, IT governance, or ‘information and communication technology (ICT) governance’ because I think it’s just part of enterprise governance. I think every time we label something ICT, it’s shot over to the ICT group, when, in many cases, it’s a business issue. We’ve seen an evolution. The first thing we focused on was to get the factory sorted out. And we’re still trying to do that. Then we had to start getting projects sorted out. And we’re still trying to do that. But now we need to move on to the value piece—how do we get value from this? And that very much changes the dimension because getting value is not a technology issue; it’s a business issue.

**AG:** I think governance is a terrible term. I didn’t know what it meant. I guess one of my concerns is that at a corporate level, a board level, we’ve seen a lot of business relating to governance in recent years. And most boards in Australia would acknowledge that there’s too much focus on governance, to the exclusion of performance. And the problem with governance is that it tends to be process-oriented—you check the boxes, such as ‘Have you done this? Do you have a management strategy? Do you have a business plan? Do you have an internal committee?’ All of this doesn’t produce performance. All it does is produce checks in boxes. I’m a bit concerned that ICT governance may well develop along the same lines, where you’ll get a lot of checklists. And at the same time you lose \$90 million on a project that doesn’t deliver—it isn’t finished on time and it doesn’t meet the client’s needs. So, as a business person, I have a concern about process vs. outcomes. Governance tends to emphasise the process rather than the outcomes. I think this is something you have to be very careful of. In my career, both in IT and as a CEO, I’ve always said that the important thing about IT is the ‘I’, not the ‘T’. It’s the information that’s important. That’s what’s driving your management—there’s too much focus on the technology and too many IT people are technologists. As a CEO, I always insisted that the people who ran IT were business people, not IT people.

**MA:** What’s interesting is that I don’t know if anyone likes this term, IT governance—no one seems to put their hand up about it. And I’ve got the same issue. When I speak to people at the board level, the senior level, they vaguely know what governance is as a concept. They never really thought of IT governance as something they needed to put in a separate bucket. What’s even more interesting is that, for those organisations, often IT governance is everything—they just don’t know it. They don’t realise that the reason they’re getting poor IT governance or poor IT outcomes is because they’re not providing direction to anyone. I sometimes think, from a business side, they actually like that because if something goes wrong with IT, they can point the finger at IT and say they didn’t do it right—whatever it may very well happen to be. “Whatever it is, it isn’t what I wanted.” But IT governance usually is centered around a budget rather than a strategic plan, even when they think there is a strategic plan. They’re not getting better outcomes because they haven’t thought about it seriously. But one of the fun things is this cultural difference between an accountant, such as myself, and the IT people. We’re taught in accounting school how to say no—you can’t have more budget; you can’t spend more money; I will not sign that check. IT people are very good at saying yes. They’ll say yes to a project because it’s something interesting or something they want to do—I’ll build you a web content management system even though we could buy one. This actually happened at a client with a 24-year-old webmaster who wrote a web content management system from scratch.

**TH:** In the last decade or so there have been some international events around Enron and the legislation concerning the Sarbanes-Oxley Act in the United States. Global markets and companies have to reach across the world, and there have been extra things put into the process of governing organisations that we never thought of 15 or 20 years ago. There would be some folks who work in the IT (or other) industry who would think that this governance is just getting in the way. Some CIOs have said to me that they could cut loose as they have a good relationship with the CEO. They got their dollars each year and everything was sweet. Now, all these extra things have come to play and it’s constraining their style. So have you seen any behaviour or anything in your organisations or with your clients that would be along those lines?

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**DM:** Before we move on to that, I'd like to recap what I think some of the other fellow speakers have said. I think governance is made up of two things—doing the right thing and doing the things you do right. I think process is very important in order to ensure that what you do is properly executed, because there are good ways and bad ways of delivering projects, delivering IT outcomes. I think what is missing is the performance bit—why are we doing this at all? Is it something we should be doing? Or, as you said earlier, John, should we actually stop trying to do this? Because of the issue of change, as Simon suggested, it's no longer a requirement. Does the business need to adopt this or do we need to do something different? I think projects do gain their own inertia. There is face-saving. There are reputations at stake. While I agree with everybody, I think process is very important—but more important, coming from a governance perspective, is asking, 'Are you doing what's right, and appropriate and needed by the business?'

**JT:** What I see as the crux of governance is these four questions: Are we doing the right things? Are we doing them the right way? Are we getting them done well? Are we getting the benefits?<sup>2</sup> Much of the focus of governance today has been on the questions: Are we doing them the right way? And are we getting them done well? I'd argue that the 'well' might not even be there. And that's really the supply side and it's a lot of checklists. And where we need to shift is to the questions: Are we doing the right things? Are we getting the benefits? What are the outcomes? What do we want to achieve? How do we make intelligent decisions about what will help us achieve those outcomes? How do we manage those decisions? We either achieve those outcomes or we kill the things. Change them or kill them.

**AG:** One of the real issues is the lack of understanding of IT at the senior level, particularly at the board level, and it's one of those areas where we've failed to engage senior management in an understanding of what IT and IT outcomes are all about. They're frightened of it and we've failed as technologists, as professionals, to remove that fear. I've sat around board rooms for years, as a CEO. If I mentioned an ICT project, you could see the blinds come down around the board. That's a shame because that's part of the process of governance, where the board should be able to provide significant input into decision making in relation to IT projects. Even today, it's still a major issue. At that level there tends to be a lack of understanding of what they can ask in terms of making sure that the outcomes are the desired outcomes. They don't have to understand how it works.

**SM:** I absolutely agree with Ashley. What we've done to try and hide the word 'governance' from the senior body that looks after our investments is to write the IT governance rules that we wanted into the charter of that investment committee. One of the things that senior folks do understand is the charter and the reason and the responsibility for which they're sitting around the table. What we've managed to do is put all of our ICT guiding principles and the elements of our governance in simple, but very direct, terms associated with the charter of our investment steering committee because you don't use those words and because you don't talk about IT matters (in the investment committee meetings). But you actually talk about it in charter terms and then you put up the investment proposals to make their charter. All of a sudden, they do have a very focused understanding because it describes the responsibility for which they're sitting around the table. It's funny that you actually try to sneak things past the guard of the senior executives, but I think you're right—as soon as you put it in ICT terms, they often go blank or they run scared. So, you've got to find another level of communication.

**JT:** We've got to find a way of demystifying this thing. It's seen as a mystical black box. You've got to get up to a level that the business understands and not get blinded by the technology piece. They shouldn't really worry about the technology piece. They should trust that the IT function is helping them and bringing to the table things they should consider that could help the business and, more increasingly, transform the business. What they're effectively looking at is organisational change and how we manage that change, not the technology—technology is just the tool that enables the change.

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<sup>2</sup> *Ibid.*

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**AG:** I'm not quite sure why we have IT governance at all. At one stage in my career I was CEO of Australia's largest construction company. Consider the scenario if we didn't have an engineering governance (if we didn't have a building construction governance), and we spent billions of dollars on constructing buildings. Why do you need ICT governance? It's just a separation of ICT, a mystical something. QANTAS doesn't have an airplane governance. They make business decisions about where they'll spend hundreds of millions of dollars on new 747s or whatever it might be. This idea of 'ICT governance' is part of the problem: separating it from being part of the business when it is part of the business. We're still talking today about what we talked about 30 years ago—the fact that IT must be aligned with business. When do we move away from the issue that there is something special about IT? There's nothing special. View IT reasonably, with all the other issues in a business. It has to be managed; it has to be controlled; it has to be monitored; it has to be financed in the same way.

**JT:** I would agree, but also slightly disagree. I absolutely agree that shouldn't be ICT governance; there's just enterprise governance, which includes a whole bunch of things that include IT. Having said that, I think that IT, and maybe actually the 'I' part of IT, is a slightly different sort of asset in the terms that it becomes embedded in many of the other assets and has quite a considerable opportunity to fundamentally change the business. So I think it's just an asset, but it is a slightly different type of asset in that it has its fingers in so many different pies. We certainly need an enterprise governance to understand that. I don't think we should treat it differently, but by its nature, it's a slightly different beast.

**DM:** I agree with you. But IT is so pervasive and so difficult to change. Why don't we have human resources (HR) governance? A system, a business initiative, will live or die, succeed or fail, basically because of what the people have done to it. So I totally agree that it should be corporate governance or enterprise governance—call it what you will, IT governance—but IT wants it. It's embedded; it's there; people become reliant upon it, depend upon it; and it's difficult to change. You can hire and fire an individual; you cannot decompile and eliminate a line of code in an enterprise resource planning (ERP) system and replace it with another line of code and expect it to work. So, by definition, because it's so all-pervasive and all-embracing, and we are so dependent upon it, unpalatable though it is, I think it has to have its own set of governance. However you want to describe governance—frameworks, management procedures, controls, rules and regulations—all audiences need to look at governance to ensure that the business doesn't inadvertently or deliberately end up the doing the wrong thing and commit itself through a course of action that it can't endure.

**TH:** If we actually accept what's been said in the last five minutes—that it shouldn't actually be IT governance, but part of everyone's decision making, etc., and that you shouldn't exactly separate it out—we need to ask why, if we look at the track record in 2008, is ICT governance (or ICT projects or projects related to IT) still so disastrous and why does it have such a bad historical record of disaster? To continue with the statistics, John, I think you might know the number of dollars that are wasted globally on an annual basis on train wrecks that have to do with IT projects.

**JT:** Many years ago it was around (US)\$650 billion per year. Something else stated not many weeks ago was that much is also wasted on poor use of e-mail. By the way, put that in the same category—misuse of technology. So the number is huge. Twenty years ago, the failure rates were because we didn't have very good skills around project management and technology and we were feeling our way. The interesting thing is that the failure rates of IT projects are the same as the failure rates of any major change initiative. And, even if we treated them as change initiatives, we're not very good at doing that either. So the issue is lack of clarity of what we're trying to do in some cases, but (also) failing to understand how to manage significant change.

**AG:** I think you're right and I think there are a couple of significant differences. Take building the tunnels in Brisbane. They'll factor through their cost of labor—there's no doubt about that. But they'll still be delivered. The difference with IT projects is that the cost travels and they often don't deliver. This is what separates them from the tunnels and the bridges and the rest. It'll all blow up—they fail in that sense—but the thing is, no matter how much you spend, it costs triple what you expect. With many major IT projects, you spend that money and you end up with nothing!

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**DM:** I agree with you, but I also disagree with you. I think the first question is, should we be building tunnels, or should we be building a light railway or a series of bridges? So is the business to build tunnels or to deliver a society system? Second, having decided that you're going to build a tunnel, if it doesn't work, it's easy to blame a tunnel-boring machine having broken down (because nobody understands a tunnel-boring machine) rather than blaming it on vindictive or bad management practices or the union being responsible for people having to work on the weekend, or whatever the case may be. IT can be mythical, logical, complicated; you don't understand it. I will quite freely admit in public that I'm no good when it comes to IT. I will not admit that I can't manage people well or that I can't manage my money. So I suppose what I'm getting down to is that IT quite often is a soft target—who knows about that kind of stuff? Yeah, it's obvious that IT is the failure.

**JT:** In many cases, we start on huge IT projects with no clarity about what the outcome is intended to be in the first place. So how do we ever know what we're getting? I think we don't spend enough time to define the outcome we're trying to achieve and then we wonder why this thing rolls on and on. We rush to jump into the technology without really understanding. A number of CEOs and executives I've talked to have said 'I didn't get value out of this'. When asked what value they expected to get, they answer, 'I don't know'!

**MA:** You can probably blame your auditors and accountants for one of the reasons information systems projects get this hearty, mature framework plastered over the top of them—call it governance or something else. We realised that all of the information is going through those systems and we had to do something inside to audit them. So we started developing principles and what controls needed to be, and then we ended up with frameworks like COBIT. You were talking about this before with change initiatives—if you applied the same rules of thumb to HR and marketing—How many marketing campaigns fail? You could ask the same questions. But there's no framework there—possibly because it doesn't necessarily have the same cross-business impact and it doesn't impact the financial statements or the auditors didn't quite give it the same focus. So you end up with a separate entity, a separate area, begging the question, why are we looking at that so much? Why it is a separate framework is the wrong question. It's probably better begging the question, why don't these other areas get the same?

**JT:** When we wrote the book,<sup>3</sup> we got a lot of feedback saying it's not about IT; it's about how we make investment decisions and how we manage the value. I think the IT label gets in the way here. We need to somehow break away from that.

**GM:** One of the things I see in the assurance capacity is the Star Trek analogy. Around the room there are senior executives and someone says, 'Make it so'. And 10 people disperse, knowing exactly what 'it' is and then, all of a sudden, 'it' gets a life of its own, times 10, and there's an unwieldy base and no one really knows what 'it' is or who made the decision to launch a thousand ships. So we've got a runaway investment which nobody's prepared to put their hands up to stop because there's no accountability in the first place for someone to make a decision. In summary, the issue is that we see such poor investment in IT because the business didn't know in the first instance what it wanted to invest in.

**TH:** So, in 2008, why does that still happen? Ashley mentioned before the skill sets, knowledge, capacity and capability of the executive board level. Surely, with the things that have been written—the frameworks, the documents in all of the different societies in the world—why is there still such a high precedence in this area? Why are there still so many train wrecks? What has to change to make a difference?

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<sup>3</sup> *Ibid.*

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**JT:** I think we need people in marketing because, as someone said, I know that half of my marketing dollars are wasted, I just don't know which half! So what's the problem with IT? I'm wasting only a third of my marketing dollars. That's diminishing the problem, but I think that one of the issues is time to market. We have to get things done; we have to do it quickly. We don't have time to do the front-end work. Well, I think we do that as a cop-out. I don't know why we rush to fail. In most cases that I've seen, the organisations that waited, watched and took their time generally got ahead.

**AG:** There has always been a debate about the first mover and the second mover. I've always been a first mover because I believe that if you can catch the market, you have a significant advantage. I think one of the problems is that organisations are still creating IT departments. IT departments should be abolished. Business units should use IT as part of their business. And it should be an integral part, as is engineering, as is HR, as is whatever. Part of the problem is this issue of still keeping it separate, driven by the technologists, saying that IT is very important, all-pervasive. Engineering is all-pervasive; HR is all-pervasive; law is all-pervasive. One of the things I've done when I've taken over as CEO in an organisation is abolish the legal department. I also used to abolish the IT department, but that's another issue.

**SM:** I think one of the problems is that we want to try and paint a standard set of rules for every occasion. That's where we fall off the mark. John said earlier that prior planning probably does produce better results, and that's true in some cases, but not in others. I come from an organisation that has some degree of success. I think the issue is that it depends on what the breaking point is or what the pressure is. As a customer service organisation in an energy sector where you can actually kill people and introduce pain into the community you serve if you don't do the right thing, we drag the best out of people when there is a real emergency initiative. I think the fundamental thing that comes from that is that people are galvanised to get the end outcome; they can actually see the end outcome. That's the whole thing about strategic planning: the leaders who tell you where you're going and give you the challenge to get there. But, in our organisation, the best hour comes when there's an emergency. That's when we get down to the task. We roll up our sleeves and don't care who we are or what discipline we serve; we just focus on the outcome. Some of our best and proudest initiatives have come when there was very little planning. This is like launching a 380, the new airplane. In a couple of our successful projects, we have built and launched a 380 and it's flying; we haven't actually designed the runway for it to land on, but we have absolute confidence that if we have to, we'll lay the runway and we'll work out what it means, even if it's touching down and we say, 'That's not big enough!' So, we keep on trying to come up with a set of rules that are standard for every occasion and that's where we fail. I think there has to be a different set of rules for different circumstances. And the problem with rules around governance is that there are people who say, 'Don't rant about having to plan it all upfront; why not just get on with the job?' There are a number of projects that don't fit into that category. I think the courageous thing to do is get the understanding of those senior executives who make the decisions. I agree that IT tends to scare a few of the executives, but if it's all explained in business terms, we understand where the business outcomes are and you get better results.

**JT:** I absolutely agree that one size does not fit all. One of the things we've talked about today is understanding different categories of investment and applying different levels of rigour. But I also think that, when you talk about emergencies, you make many decisions in nanoseconds. So after embedding the processes, you scale them to the situation. In an emergency or in the placement of a new investment, having everyone laser-focused on the outcome is huge. When everyone understands what you're trying to achieve, and each person understands his or her part, you're ahead of the game. Whenever I ask how many people have worked on a programme or project where the outcome was less than clear, almost all of the hands go up. If you don't get the clarity of the 'it', then everyone is running in different directions.

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**DM:** I just have one observation to make. In an emergency situation, everybody is thinking about one thing and nothing else. In organisational change programmes, whether related to IT or corporate governance, there are many things going on at the same time. I think all projects would succeed if people had nothing to do but dedicate themselves, 100 percent, to that particular project, that particular mission, that particular initiative. People have their day jobs to do as well as trying to participate in, manage or sponsor, or be a member of a project team that's trying to do something for the business, even though it might be mission-critical—there still is the everyday stuff to grind through.

**MA:** I think some of the factors behind those projects still failing is that somewhere along the way we got really great outcomes from our IT projects. So we have had enough projects succeed that we think it's all good. So, it's not enough now to do just the transaction processing; we have to do the transformational change. We've put that into our projects and, when we don't achieve that, it's a failure. I think we're being quite ambitious and the projects are getting very complex in the things we're trying to do. I think another thing, too, is that no vendor ever made a sale of software by telling you how complex it is—vendors always sell you the sizzle that you'll end up with digital dashboards all over the place. Wouldn't it be great if you got that in front of your CEO? But, if you took a look at every implementation, I guarantee that if 10 percent of them got these digital dashboards in place within five years of implementation, it would be amazing. And so you buy the product for the sizzle. The project is very ambitious and you've got that promise out there. And it all just never quite gets there.

**TH:** I'd like to lead the discussion into another direction now and that's to highlight what is happening globally. Australia is a small place in a global sense, but a big place geographically. All of you are exposed to experiences dealing with this global trend—whether it be the demographic that's changing in various parts of the world, or the advent of economic shift towards China and the Middle East from traditional places in America. But you are also finding some of the support that you're getting for your organisation is not necessarily being provided in your city, state or country, for many organisations. With the global agenda that's now pervasive for all of us—for all lines of business and government and everything else—what does that mean for this topic of governance and making informed IT-related investment decisions for your business? What does that mean to the control and delivery of reform and change and business in general?

**AG:** I have a practical example. I chaired an Australian subsidiary of an Indian company and we got the contract for a large bank for the year 2000. We had to do it with Mumbai. The bank took our advice and sent a senior bank executive across to Mumbai, an executive who could make decisions on the spot. Issues didn't have to be referred back to Australia. That project worked very well. The bank survived 2000. It was just a matter of putting in place the right sort of management controls to enable that project to proceed.

**TH:** Maybe I could put my question another way. Adding to Ashley's point, could you run ENERGEX with all of your support coming out of Delhi?

**SM:** It's really interesting if you look at the way ENERGEX runs its business and the pressures it's being put under—more so in the last few years, not because of the global economy, but because of the pressure that's being put on the infrastructure. We've found that we have to look beyond the standard textbook approach to getting things done; we're actually talking about the sort of pressures on staff and the sort of technical skills we need to run the network. As a way of solving that problem, we try to outsource our capability overseas. In fact, we have recruitment offices in the UK and Middle East to bring technical skills into southeast Brisbane. We also change the network such that you don't need those technical skills, but can do things automatically and remotely. And, if we don't meet those demands, we're never going to change the culture. So, half of our skill sets and supply sets comes from overseas anyway. The interesting challenge is where you get your leads. Which part of the world is the one actually leading the way? Once again, it comes back to one size does not fit all. People in Australia tend to follow the United States. That's the first lesson you learn very quickly, especially when you're in the energy industry, because the US is not a very good example. It's good in some respects, but we look to Europe and, certainly, North America and Canada for some of the other leads because it's about looking for where the newest idea comes from that can help you out. It's funny that some of the pressures we're finding here in

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southeast Brisbane and that we anticipate for this next decade are not being experienced by anyone else in the world. So that comes to play in the commercial decision about where you get your leads, on a communal scale perspective. If you use the Australian marketplace, we just don't have enough, because of our geographic disbursement, to get the sort of drivers and things we need. If we don't look overseas, we'll disappear.

**AG:** I'm a little disappointed to hear you say that, because I think one of the greatest advantages we have is that we don't have the inertia. When I was running an insurance company, we would use a system whereby a customer came in and gave his or her name as the ID. In the 1970s I went to the US to talk to the largest insurance companies, such as Equitable and Prudential, and they were amazed that we'd done this. We were light years ahead of them in IT systems in that respect. Same thing when I was in the banking business. We had systems that were 15 years ahead of the banking systems in the US. I completely reject this argument that you've got to look overseas.

**SM:** I agree with you and I can give you examples where we do look overseas. We've got some things that we do here that you can't get overseas. But it's not that you can go and find the solution; it's that you can find some components that help you put the answer together. A lot of the IP comes from here in southeast Brisbane and, indeed, the problem we're facing at the moment is that no one else has our problem globally. You might look elsewhere for the answers, but everyone else has a different problem and no one has the sorts of problems we have here.

**TH:** I suppose it comes back to my question: with a global economy and services being provided in various parts of the supply chain for ICT support, or design, development or implementation, and service providers in other countries, what does that mean for governance?

**MA:** I think one of the fascinating things is that you do lose control over the inputs, so what you've got to do is get very good at managing the outputs. But that means you have to step up the scale in terms of how you manage this IT thing as a business. That is going to be a challenge for a lot of businesses. If I can put my audit hat on, this information that's going out about who is controlling what is probably going to be another challenge as well for the assurance professional. How do we monitor not only where this is coming from, but the way we think assurance is going to change? We need to put in those controls, which is why it's good to have a COBIT or a Val IT framework that we can build upon. Businesses also need to step up to the plate in terms of how they manage IT.

**JT:** Go back to the year 2000, because that year was a black eye for IT, rightly or wrongly. Should we have not done it and waited to see what happened? I don't know. I don't think so, but many organisations were very effective at managing IT—this was a matter of survival. They put programme management offices in place. They managed it very well. And then, they dismantled the programme. I actually saw some tremendous discipline in governance coming around the year 2000. Back to your point about whether we should be looking globally, I think we should be looking globally to learn. But I think Australia has always had an advantage. I think that, because you're so far away and relatively small, you've always had to do it yourselves. That made you extraordinarily innovative in getting the job done as a country. People always ask me the question, 'Are countries different?' As I travel around the world, I see that the issues aren't really different, but I do find that Australians generally are more open to new ideas and I think they recognise that they have to do it themselves and not wait for someone else. I think one of the huge problems in governance is that we're all waiting for someone else to fix things. And I think in Australia there's a sense that we've just got to get on and do it.

**SM:** Just to get back to Tony's question, what's different from a governance perspective? In our case, the rule around governance and the guiding principle is that we should buy instead of build. If no one has actually been there and done it, you have to build it yourself. That's almost against what we've determined as one of our governance principles for IT. We don't want to be an IT company putting in electricity; we want to be an electricity company using innovation to produce and deliver electricity in a better and safer manner. So you have to test the governance rules for what is of most value to your organisation. We actually write that rule.

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**AG:** Part of the difficulty is that, over the years, we still do it. We have this approach or philosophy of wanting to change the IT system to match the organisation. That's why we have 38,353 payroll systems and we need only one. And there's a reluctance to change the organisation. For years, IT has been automating what's there. And that's not what it's all about. Part of the problem, today, is that IT still automates what's there. There has to be maximum flexibility in saying, 'Here is a system that's viable. Let's change the organisation so that we'll use that payroll system. We really don't need another one'.

**JT:** You're absolutely right—it's back into change. I created this formula:  $OO + NT = COO$  that signifies: Old Organisation + New Technology = Complex Old Organisation. Again, it's not that we're just focused on the technology. I recognise that it's actually about change. Spending millions of dollars to buy a package and then five times as much to retrofit it means that we're going backwards.

**TH:** I have a couple of questions regarding the university sector and professional associations. Let's think about graduates coming through, those at the other end of the spectrum—CEOs, and everyone in between. With the train wrecks we're having, do you think the university sector is producing the right product—is it doing enough? Do you think professional associations are doing enough to actually minimise the number of these train wrecks?

**JT:** I have to debate this tomorrow with a number of academics. My experience is that academics are behind in understanding the practical issues we deal with. Some of what we're talking about here is really new to them. They're teaching people technical skills and how to manage technology. And that's nice. We need people like that in the back room. But we need to teach people business management skills about how to use technology to drive outcomes; the academics don't do a very good job of teaching that. Now, I might be wrong, but that's my assessment.

**SM:** As you know, we're on the business advisory board for the local union here and we echo some of the sentiments that John mentioned. When we talk to the university colleague that we support in that environment, one of the big problems we encounter is that changing technology and change in the way companies produce software and capability these days takes away the need for a lot of the professionals the universities keep turning out. In fact, what they need is balance between business knowledge and a bit of the technology, rather than the other way around.

**JT:** We need people who know enough about technology to help the enterprise understand what they can do with the technology and talk in business terms to help the enterprise understand how to create value. Computer science graduates are not going to do that.

**AG:** As a CEO, you need a few technical specialists, but I always recruited IT people who had business degrees and taught them IT. I have no doubt at all that it's much easier to teach people the technological aspects of IT than it is to create business people.

**SM:** Back to your point about professional bodies. If professional bodies try to control the agenda, then they lose their way. They need to use their capability to share life stories and successes and failures, and create a vehicle for this sort of discussion to happen.

**AG:** The most important roles the professional bodies play in IT, engineering, medicine and law is accrediting university courses. They have an enormous power to direct the universities as to what they have to do to get accreditation. The professional societies play a very significant role. And because I've been involved in both universities and professional societies for many years, I can say that there is a chasm, a wide chasm, between what the universities see the professional societies bringing to the plate and what the professional societies see themselves bringing. At many universities I see the professional societies retarding their development rather than driving their development.

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**JT:** I think one of the things we may never be able to do, but we certainly should strive to do, is bring these bodies together. Each university has its own angle and way of dealing with it. Every guru has his or her own angle and way of dealing with it. What I'm trying to do over the next few months is to bring some of these players together to try to reinvent the thing with a different label. Let's work together for the benefit of all of us, but also for the benefit of the ultimate marketplace, to get rid of the confusion between this and that. If we speak with a common voice, I think we would move this thing forward quicker. There are so many camps that see themselves in competition rather than as collaborators.

**MA:** I sat on CPA Australia's National Education Committee for five years, which was involved in professional training for accountants rather than for IT. It's very interesting to draw parallels in terms of setting standards. And what happens is that there is a set of criteria and then people design university courses around those criteria and that ends up being the graduate that we turn out. I don't know if it's as strong with computer scientists and technologists. What is the role of the university? Is it to produce someone we need today? Is it to produce someone who's going to be around for a long time? The professional bodies need to make a contribution as to where that's going. But I think that some of our grads need to step up to the plate as well. You can lead that horse to water, but eventually you need to make it write a technology infrastructure plan.

**SM:** Getting back to the universities again. This comes from personal experience. They used to run university courses that had an industry component. Back in my day, when we had a three-year IT course or a four-year IT course, there was a year of industry involvement. And that had benefits both for the industry and for the professional. Now it seems to be a matter of get them in and get them out and it's all focused on the dollar and the churn rate of the universities. If we go back to the good old days when students had to spend a year in some sort of industry, it would give industry some involvement with the universities and *vice versa*. It would give those people who are going through the colleges an opportunity to test their knowledge, and then they could come back and do that final year. It just seemed to be a much richer experience for all involved. Right now, we've just completely lost it.

**MA:** I think that's a function of the way we've come to our universities and places of education. Back in my day, as a student you wrote 12 pages of notes during lecture and you had a sore wrist but were happy about it. Now as a professor you have to provide 58 PowerPoint slides and the presentation is downloaded by the students the day before. It's no wonder no one turns up to my lectures. I can't be that boring! But I think it is where we're going and where we get the funding for the universities. It's probably the same across the board.

**AG:** Those good old days applied to my experience at two universities in Australia. It was not common to have a year out. There were only two universities that had that. It wasn't the norm.

**SM:** I still have at least eight individuals who went through the power professional schemes of studying and working at the same time. It's a 'try before you buy' scenario, and it's got wins all over the place. And they're still the best professionals you could ever have.

**AG:** I'd like to put in a plug for one of the big, significant differences that IT has made. Over the last three and a half years I completed an MA in theology, completely online. And I can say that it was a better structured, more demanding, more informative programme of subjects than I ever did in the old, face-to-face scheme. It has been far more demanding and productive, and the outcome has been far better.

**GM:** I'll jump in on Tony's question about professional bodies and providing value. The way I see it, the constituent members of the professional body are its strength and major resource, and the professional body needs to engage continually with its constituent groups who then, in turn, can engage (like a supply chain) with the university, closing that loop. The professional body can then add more value and provide more guidance—not a one-size-fits-all model.

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**TH:** One last question: You've just been appointed the CEO of a new company. It's starting from scratch; you've got massive venture capital coming in; it's heavily reliant on transactional IT support to do its business. I'm not going to tell you what industry it is. You're the person who's going to get this business going. What are the key things you would put in place in the first 12 months to ensure that your heavy reliance on ICT enables support for your business—key things to make sure that you have a win, that you actually kick the goals for the board at the end of those first 12 months?

**SM:** I would immediately think that the people involved in the direction of the IT involvement and investment have to be the key business leaders. This is not like IT. In fact, I wish that term would completely disappear. Ultimately, the guys need to have a set of tools and focus for them to get this thing across the line. For me, it's a balance between making sure there's value and there's risk. So, all the standard processes we use to generate that balance throw out all the disciplines of the business. From HR, all the way through IT, it should be absolutely simple and consistent across the portfolios. And, as soon as you focus on IT, you tend to lose a lot of it.

**GM:** The first thing that I would do is to put in place a diverse and in-depth communication strategy and monitor it throughout the first 12 months. A robust and proactive communication strategy spanning the entire organisation would ensure that people know and implement their roles and responsibilities. Furthermore, when people leave a meeting, they know exactly what 'it' is.

**JT:** First of all, you've got to get everyone on the same page. What is the business we're in? What is our vision? What are the things that are important to us? How are we going to achieve them? It's got to be business-driven. You've got to break down the walls. You've got to have everyone understanding that he or she is part of the team. Years ago I had a huge issue with business in IT. I wished we'd stop saying it. Now, we're all part of business. So you've got to clearly define the roles and responsibilities of everybody working together to achieve those outcomes. You can't have a partnership without clear roles and responsibilities. What we've got to do is align the reward system so people are not getting rewarded for just their piece of the pie; they're getting rewarded for working together to get what they want.

**AG:** As a CEO, I think the answer is very simple. You just have to focus on the right people who know what you want to deliver and merely see IT as one of the components. But it's the people that are the issue. I agree that you can't focus on the technology; you've got to focus on whether you understand what we're here for, what we have to do to deliver and that's it.

**JT:** I think to your point, when you said the 'I' is more important than the 'T'—I happen to believe that the two most important resources in any organisation are information and people. It's how people use information and the information you have about people using information that makes you a successful organisation. And one of the two most undervalued functions in most organisations, I think, are IT and HR.

**MA:** I agree with everything that we've said along the way. I suppose we're a brand new business—we're starting up. In the first 12 months, I do want to empower people—get the business side making the decisions. I don't want any major projects in that first 12 months. I don't want to lock us down and I don't want to be locked into what is obviously a dynamic business. So, in terms of time, I may not need that project that's going to take two years to deliver. I want to have business people making the decisions, having the technology framework sorted by someone so we're flexible and without big projects.

**DM:** I echo what people around the table have said. The first thing would be to put the right people in the right places and those people wouldn't necessarily be technologists. They wouldn't necessarily be practitioners sophisticated in any particular business discipline, but they would be able to manage people. I think technology would very much come around as an afterthought or a role to support their objectives of the mission of the organisation or business. And, ultimately, it would be achieved through people.

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**JT:** What do we normally tend to do? The first thing we do is reorganise. The second thing we do is we throw technology at it. That's backwards. The first thing we've got to do is understand what it is you want to do. Everyone says you should put the programme management office in IT—you put it where the best guy is. You've got to get away from organisation structures to some extent. You can use structure, but you've got to put it where the people you trust are going to do it. If it happens to be the guy in IT that you trust, then put it in IT! But if it's the guy in HR, then put it in HR. Don't get constrained by people's names and their roles—be driven by what they're capable of doing and their reputations and credibility within the organisation.

**SM:** This thought has just dropped into my head. I've actually seen about six or seven changes of cycle in my time, and I've been lucky or unlucky enough in the last three years to have five CEOs at the company and four different board members and four different board chairs. But the one thing I've noticed is that, each time in the last five cycles there when there was a new CEO, he or she changed one or two positions. One was the CIO and the other was the HR person.