

# 1. Executive Summary

## Introduction

**Information is a key resource for all enterprises, and throughout the whole information life cycle there is a huge dependency on technology.** Information and related technologies are pervasive in enterprises and they need to be governed and managed in a holistic manner, taking in the full end-to-end business and IT functional areas of responsibility.

Today, more than ever, enterprises are under constant pressure to:

- Increase benefits realisation through effective and innovative use of enterprise IT, i.e.
  - Generate business value from new enterprise investments with a supporting IT investment
  - Achieve operational excellence through application of technology
- Maintain IT related risk at an acceptable level
- Contain Cost of IT services and technology
- Ensure business and IT collaboration, leading to business user satisfaction with IT engagement and services
- Comply with ever increasing relevant laws, regulations and policies

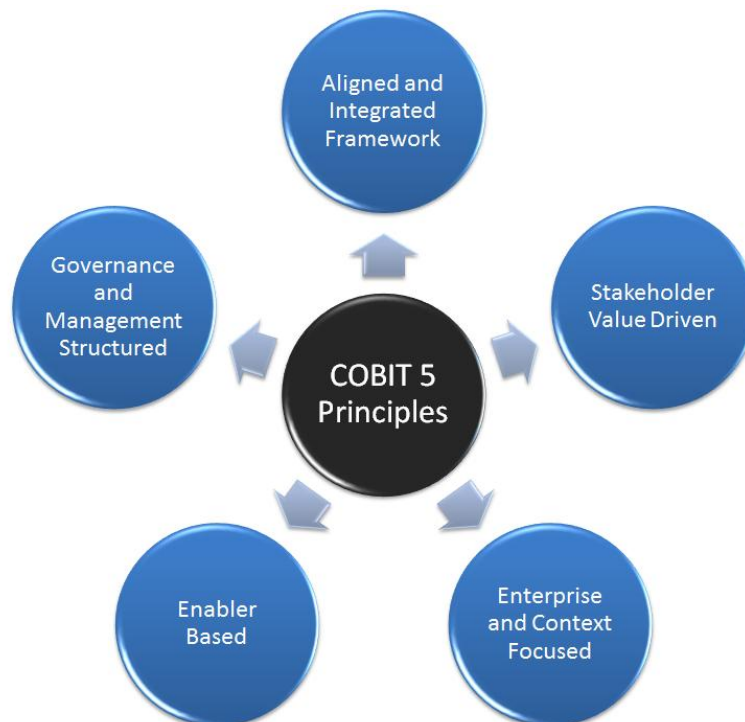
COBIT 5 is a framework that assists enterprises to achieve their objectives for the governance and management of Information Technology i.e. create optimal value from information technology by maintaining consistency between realising benefits, optimising risk levels and resource use. COBIT 5 takes into account the stakeholder mentioned above, and is intended for all enterprises, including non-profit making and public sector

Several success stories have already demonstrated the importance of good governance, whereas several global business catastrophes over the last few decades have also brought the term 'governance' to the forefront of business thinking. Both have established a clear and widely accepted need for more rigorous governance, and by consequence legislation is increasingly being passed and regulations implemented to address this need. COBIT 5 fulfils this need by providing a comprehensive governance and management framework for enterprise IT.

## COBIT 5 Principles

COBIT 5 is based on five simple principles (**Figure 1**).which are briefly explained below:

Figure 1—COBIT 5 Principles



- **Aligned and Integrated Framework** – COBIT 5 is the single resource that:
  - Aligns with other relevant standards and frameworks, and thus allows the enterprise to use COBIT 5 as the overarching governance and management framework
  - Brings together existing ISACA guidance on governance and management of enterprise IT, such that COBIT 5 covers the complete enterprise and provides a basis to integrate other frameworks, standards and practices in one is a single framework
  - Provides a simple architecture for structuring guidance materials and producing a consistent product set
- **Stakeholder Value Driven** – enterprises exist to create value for their stakeholders, hence the key objective of governance needs to be value creation. Value creation consist of three components which need to be consistent with each other:
  - Benefits realisation
  - Risk Optimisation
  - Resource optimisation
- **Enterprise and Context focused** – governance needs to focus on the enterprise’s goals and objectives; every organisation has different goals, and for that reason a governance framework should provide flexibility to enable customization to an individual organization’s context, which COBIT provides.
- **Enabler Based** – Enablers support the implementation of a performing governance and management system for enterprise IT. Enablers are broadly defined as anything that can help to achieve the governance objectives of the enterprises. The COBIT 5 framework defines seven categories of enablers:
  - Processes
  - Principles and policies
  - Organisational structures
  - Skills and competences
  - Culture, ethics and behaviour
  - Service capabilities
  - Information
- **Governance and Management Structured** – The COBIT 5 framework makes a clear distinction between governance and management. These two disciplines include different types of activities, require different organisational structures and serve different purposes. Since this distinction is key to COBIT 5, the COBIT 5 view on governance and management is described below.

### **Governance**

A governance system refers to all the means and mechanisms that enable multiple stakeholders in an enterprise to have an organised say in evaluating conditions and options; setting direction through prioritisation and decision making; and monitoring compliance, performance and progress against plans, to satisfy specific enterprise objectives.

Means and mechanisms include frameworks, principles, policies, sponsorship, structures and decision mechanisms, roles and responsibilities, processes and practices.

In most enterprises, this is the responsibility of the board of directors under the leadership of the chairman.

### **Management**

Management entails the judicious use of means (resources, people, processes, practices *et al*) to achieve an identified end. It is a means or instrument by which the governance body achieves a result or objective. Management is responsible for execution within the direction set by the governance body.

Management is about planning, building, organising and controlling operational activities to align with the direction set by the governance body, and reporting back on these activities.