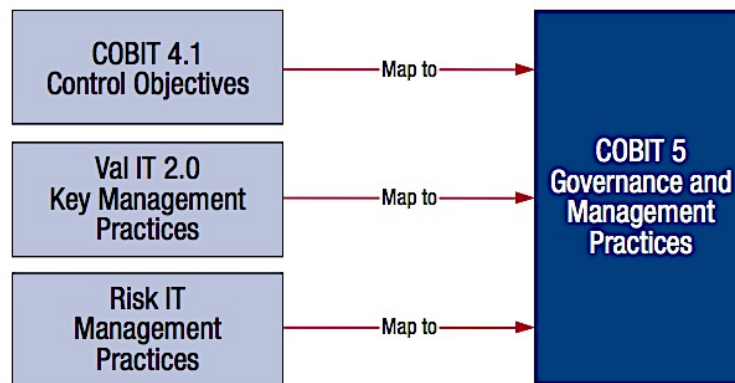


APPENDIX

A. ISACA Framework – COBIT 5 coverage



Source: COBIT 5 A Business Framework for the Governance and Management of Enterprise IT

B. Governance vs Management

“Governance ensures that stakeholder needs, conditions and options are evaluated to determine balanced, agreed-on enterprise objectives to be achieved; setting direction through prioritization and decision making; and monitoring performance and compliance against agreed-on direction and objectives.

Management plans, builds, runs and monitors activities in alignment with the direction set by the governance body to achieve the enterprise objectives.” (COBIT 5 Framework, 2012, pp 14)

C. ISO:IEC 38 500

“The following sections summarize how COBIT 5 supports adoption of the standard’s principles and implementation approach. The standard, ISO/IEC 38500:2008–Corporate governance of information technology, is based on six key principles. The practical implications of each principle are explained here, together with how COBIT 5 guidance enables good practice.

ISO/IEC 38500 Principles

PRINCIPLE 1—Responsibility *What this means in practice: The business (customer) and IT (provider) should collaborate in a partnership model utilizing effective communications based on a positive and trusted relationship and demonstrating clarity regarding responsibility and accountability. For larger enterprises, an IT executive committee (also referred to as the IT strategy committee) acting on behalf of the board and chaired by a board member is a very effective mechanism for evaluating, directing and monitoring the use of IT*

in the enterprise and for advising the board on critical IT issues. Directors of small and medium-sized enterprises with a simpler command structure and shorter communication paths need to take a more direct approach when overseeing IT activities. In all cases, appropriate governance organizational structures, roles and responsibilities are required to be mandated from the governing body, providing clear ownership and accountability for important decisions and tasks. This should include relationships with key third-party IT service providers.

How ISACA’s guidance enables good practice:

- 1. The COBIT 5 framework defines a number of enablers for governance of enterprise IT. The ‘process’ enabler and the ‘organizational structures’ enabler, combined with the RACI¹³ charts, are particularly relevant in this context. They strongly advocate assignment of responsibilities, and provide example roles and responsibilities for board members and management for all key related processes and activities.*
- 2. COBIT 5 Implementation explains the responsibilities of stakeholders and other involved parties when implementing or enhancing IT governance arrangements.*
- 3. COBIT 5 has two levels of monitoring. The first level is relevant in a governance context. The process EDM05 Ensure stakeholder transparency explains the director’s role in monitoring and evaluating IT governance and IT performance with a generic method for establishing goals and objectives and related metrics.*

PRINCIPLE 2—Strategy What this means in practice: *IT strategic planning is a complex and critical undertaking requiring close co-ordination amongst enterprisewide business unit and IT strategic plans. It is also vital to priorities the plans most likely to achieve the desired benefits and to allocate resources effectively. High-level goals need to be translated into achievable tactical plans, ensuring minimal failures and surprises. The goal is to deliver value in support of strategic objectives while considering the associated risk in relation to the board’s risk appetite. While it is important to cascade plans in a top-down fashion, the plans must also be flexible and adaptable to meet rapidly changing business requirements and IT opportunities.*

Furthermore, the presence or absence of IT capabilities can either enable or hinder business strategies; therefore, IT strategic planning should include transparent and appropriate planning of IT capabilities. This should include assessment of the ability of the current IT infrastructure and human resources to support future business requirements and consideration of future technological developments that might enable competitive advantage and/or optimize costs. IT resources include relationships with many external product vendors

and service providers, some of whom likely play a critical role in supporting the business. Governance of strategic sourcing is thus a very significant strategic planning activity requiring executive-level direction and oversight.

How ISACA's guidance enables good practice:

1. COBIT 5 provides specific guidance on managing IT investments and (specifically, in the process EDM02 Ensure benefits delivery in the governance domain) how strategic objectives should be supported by appropriate business cases.
2. The COBIT 5 APO domain explains the processes required for the effective planning and organization of internal and external IT resources, including strategic planning, technology and architecture planning, organizational planning, innovation planning, portfolio management, investment management, risk management, relationship management and quality management. The alignment of business and IT goals is also explained, with generic examples showing how they support strategic objectives for all IT-related processes based on industrywide research.
3. The exercise of identifying and aligning enterprise goals and IT-related goals presents a better understanding of the cascading relationship amongst enterprise goals, IT-related goals and enablers, which include IT processes. It presents a solid and strong list of 17 generic enterprise goals and 17 generic IT-related goals, validated and prioritized amongst different sectors. Together with the linking information between both, it provides a good basis on which to build a generic cascade from business goals to IT goals.

PRINCIPLE 3—Acquisition What this means in practice: IT solutions exist to support business processes and therefore care must be taken to not consider IT solutions in isolation or as just a 'technology' project or service. On the other hand, an inappropriate choice of technology architecture, a failure to maintain a current and appropriate technical infrastructure, or an absence of skilled human resources can result in project failure, an inability to sustain business operations or a reduction in value to the business. Acquisitions of IT resources should be considered as a part of wider IT-enabled business change. The acquired technology must also support and operate with existing and planned business processes and IT infrastructures. Implementation is also not just a technology issue, but rather a combination of organizational change, revised business processes, training and enabling the change. Therefore, IT projects should be undertaken as part of wider enterprisewide change programs that include other projects satisfying the full range of activities required to help ensure a successful outcome.

How ISACA's guidance enables good practice:

1. *The COBIT 5 EDM domain provides guidance on governing and managing IT-enabled business investments through their complete life cycle (acquisition, implementation, operation and decommissioning). The APO05 Manage portfolio process addresses how to apply effective portfolio and program management of such investments to help ensure that benefits are realized and costs are optimized.*
2. *The COBIT 5 APO domain provides guidance for planning for acquisition, including investment planning, risk management, program and project planning, and quality planning.*
3. *The COBIT 5 BAI domain provides guidance on the processes required to acquire and implement IT solutions, covering defining requirements, identifying feasible solutions, preparing documentation, and training and enabling users and operations to run the new systems. In addition, guidance is provided to help ensure that the solutions are tested and controlled properly as the change is applied to the operational business and IT environment.*
4. *The COBIT 5 MEA domain and process EDM05 include guidance on how directors can monitor and evaluate the acquisition process, and internal controls to help ensure that acquisitions are properly managed and executed.*

PRINCIPLE 4—PERFORMANCE *What this means in practice: Effective performance measurement depends on two key aspects being addressed: the clear definition of performance goals and the establishment of effective metrics to monitor achievement of goals. A performance measurement process is also required to help ensure that performance is monitored consistently and reliably. Effective governance is achieved when goals are set from the top down and aligned with high-level, approved business goals, and metrics are established from the bottom up and aligned in a way that enables the achievement of goals at all levels to be monitored by each layer of management. Two critical governance success factors are the approval of goals by stakeholders, and the acceptance of accountability for achievement of goals by directors and managers. IT is a complex and technical topic; therefore, it is important to achieve transparency by expressing goals, metrics and performance reports in language meaningful to the stakeholders so that appropriate actions can be taken.*

How ISACA’s guidance enables good practice:

1. *The COBIT 5 framework provides generic examples of goals and metrics for the full range of IT-related processes and the other enablers, and shows how they relate to business goals, enabling enterprises to adapt them for their own specific use.*
2. *COBIT 5 provides management with guidance on setting IT objectives in alignment with business goals and describes how to monitor performance of these objectives using goals and*

metrics. Process capability can be assessed using an ISO/IEC 15504 compliance capability assessment model.

3. Two key COBIT 5 processes provide specific guidance: – APO02 Manage strategy focuses on setting goals. – APO09 Manage service agreements focuses on defining appropriate services and service goals and documenting them in service level agreements. 4. In process MEA01 Monitor, evaluate and assess performance and conformance, COBIT 5 provides guidance on responsibilities of executive management for this activity. 5. The planned COBIT 5 for Assurance guide will explain how assurance professionals can provide independent assurance to directors regarding IT performance.

PRINCIPLE 5—CONFORMANCE What this means in practice: *In today's global marketplace, enabled by the Internet and advanced technologies, enterprises need to comply with a growing number of legal and regulatory requirements. Because of corporate scandals and financial failures in recent years, there is a heightened awareness in the boardroom of the existence and implications of tougher laws and regulations. Stakeholders require increased assurance that enterprises are complying with laws and regulations and conforming to good corporate governance practice in their operating environment. In addition, because IT has enabled seamless business processes between enterprises, there is also a growing need to help ensure that contracts include important IT-related requirements in areas such as privacy, confidentiality, intellectual property and security.*

Directors need to ensure that compliance with external requirements is dealt with as a part of strategic planning rather than as a costly afterthought. They also need to set the tone at the top and establish policies and procedures for their management and staff to follow, to ensure that the goals of the enterprise are realised, risk is minimised and compliance is achieved. Top management must strike an appropriate balance between performance and conformance, ensuring that performance goals do not jeopardise compliance and, conversely, that the conformance regime is appropriate and does not overly restrict the operation of the business.

How ISACA's guidance enables good practice:

- 1. The COBIT 5 governance and management practices provide a basis for establishing an appropriate control environment in the enterprise. The process capability assessments enable management to evaluate and benchmark IT process capability.*
- 2. COBIT 5 process APO02 Manage strategy helps ensure that there is alignment between the IT plan and the overall business objectives, including governance requirements.*
- 3. COBIT 5 process MEA02 Monitor, evaluate and assess the system of internal control enables directors to assess whether controls are adequate to meet compliance*

requirements.

4. *COBIT 5 process MEA03 Monitor, evaluate and assess compliance with external requirements helps ensure that external compliance requirements are identified, directors set the direction for compliance, and IT compliance itself is monitored, assessed and reported as a part of overall conformance to enterprise requirements.*
5. *The planned COBIT 5 for Assurance guide explains how auditors can provide independent assurance of compliance and adherence to internal policies derived from internal directives or external legal, regulatory or contractual requirements, confirming that any corrective actions to address any compliance gaps have been taken by the responsible process owner in a timely manner.*

PRINCIPLE 6—Human Behavior *What this means in practice:* The implementation of any IT-enabled change, including IT governance itself, usually requires significant cultural and behavioral change within enterprises as well as with customers and business partners. This can create fear and misunderstanding amongst staff, so implementation needs to be managed carefully if personnel are to remain positively engaged. Directors must clearly communicate goals and be seen as positively supporting the proposed changes. Training and skills enhancement of personnel are key aspects of change—especially given the rapidly moving nature of technology. People are affected by IT at all levels in an enterprise, as stakeholders, managers and users, or as specialists providing IT-related services and solutions to the business. Beyond the enterprise, IT affects customers and business partners and increasingly enables self-service and automated intercompany transactions within countries and across borders. While IT-enabled business processes bring new benefits and opportunities, they also carry increasing types of risk. Issues such as privacy and fraud are growing concerns for individuals, and these and other types of risk need to be managed if people are to trust the IT systems they use. Information systems can also dramatically affect working practices by automating manual procedures.

How ISACA’s guidance enables good practice:

The following COBIT 5 enablers (which include processes) provide guidance on requirements relating to human behavior:

1. *COBIT 5 enablers include people, skills and competencies, and culture, ethics and behavior. For each enabler a model is presented on how to deal with the enabler, illustrated by examples.*
2. *COBIT 5 process APO07 Manage human resources explains how the performance of individuals should be aligned with corporate goals, how IT specialist skills should be*

maintained, and how roles and responsibilities should be defined.

3. COBIT 5 process BAI02 Manage requirements definition helps ensure design of applications to meet human operation and use requirements.

4. COBIT 5 processes BAI05 Manage organizational change enablement and BAI08 Manage knowledge help ensure that users are enabled to use systems effectively.

ISO/IEC 38500 Evaluate, Direct and Monitor

How ISACA'S gUIdAnCe enAbleS good prACtICe:

The governance domain in the COBIT 5 process model has five processes, and each of these processes has EDM practices defined. This is the main location in COBIT 5 where governance-related activities are defined.” (COBIT 5 Framework, 2012, pp57 - pp60)

E. Mapping COBIT 5 Enterprise Goals to IT-related Goals

			Enterprise Goal																
			Stakeholder value of business investments	Portfolio of competitive products and services	Managed business risk (safeguarding of assets)	Compliance with external laws and regulations	Financial transparency	Customer-oriented service culture	Business service continuity and availability	Agile responses to a changing business environment	Information-based strategic decision making	Optimisation of service delivery costs	Optimisation of business process functionality	Optimisation of business process costs	Managed business change programmes	Operational and staff productivity	Compliance with internal policies	Skilled and motivated people	Product and business innovation culture
			1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.	17.
IT-related Goal			Financial				Customer				Internal				Learning and Growth				
Financial	01	Alignment of IT and business strategy	P	P	S			P	S	P	P	S	P	S	P			S	S
	02	IT compliance and support for business compliance with external laws and regulations			S	P											P		
	03	Commitment of executive management for making IT-related decisions	P	S	S				S	S		S		P				S	S
	04	Managed IT-related business risk			P	S			P	S		P		S		S	S		
	05	Realised benefits from IT-enabled investments and services portfolio	P	P				S	S		S	S	P		S				S
	06	Transparency of IT costs, benefits and risk	S		S		P				S	P		P					
Customer	07	Delivery of IT services in line with business requirements	P	P	S	S		P	S	P	S		P	S	S			S	S
	08	Adequate use of applications, information and technology solutions	S	S	S			S	S		S	S	P	S		P		S	S
Internal	09	IT agility	S	P	S			S		P			P		S	S		S	P
	10	Security of information, processing infrastructure and applications			P	P			P								P		
	11	Optimisation of IT assets, resources and capabilities	P	S					S		P	S	P	S	S				S
	12	Enablement and support of business processes by integrating applications and technology into business processes	S	P	S			S		S		S	P	S	S	S			S
	13	Delivery of programmes delivering benefits, on time, on budget, and meeting requirements and quality standards	P	S	S			S				S		S	P				
Learning and Growth	14	Availability of reliable and useful information for decision making	S	S	S	S			P		P		S						
	15	IT compliance with internal policies			S	S											P		
	16	Competent and motivated business and IT personnel	S	S	P			S		S						P		P	S
	17	Knowledge, expertise and initiatives for business innovation	S	P				S		P	S		S		S			S	P

F. Mapping COBIT 5 IT-related Goals to COBIT 5 Process

		IT-related Goal																
		01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17
COBIT 5 Process		Financial					Customer			Internal							Learning and Growth	
Evaluate, Direct and Monitor	EDM01	P	S	P	S	S	S	P		S	S	S	S	S	S	S	S	S
	EDM02	P		S		P	P	P	S			S	S	S	S		S	P
Align, Plan and Organise	EDM03	S	S	S	P		P	S	S		P			S	S	P	S	S
	EDM04	S		S	S	S	S	S	S	P		P					P	S
	EDM05	S	S	P			P	P						S	S	S		S
	AP001	P	P	S	S			S		P	S	P	S	S	S	P	P	P
	AP002	P		S	S	S		P	S	S		S	S	S	S	S	S	P
Align, Plan and Organise	AP003	P		S	S	S	S	S	S	P	S	P	S		S			S
	AP004	S			S	P			P	P		P	S		S			P
	AP005	P		S	S	P	S	S	S	S		S			P			S
	AP006	S		S	S	P	P	S	S			S			S			
	AP007	P	S	S	S			S		S	S	P			P		S	P
	AP008	P		S	S	S	S	P	S			S	P	S		S	S	P
	AP009	S			S	S	S	P	S	S	S	S			S	P	S	
	AP010		S		P	S	S	P	S	P	S	S			S	S	S	S
	AP011	S	S		S	P		P	S	S		S			P	S	S	S
	AP012		P		P		P	S	S	S	P				P	S	S	S
	AP013		P		P		P	S	S		P				P			

			IT-related Goal																	
			Alignment of IT and business strategy IT compliance and support for business compliance with external laws and regulations Commitment of executive management for making IT-related decisions Managed IT-related business risk Realised benefits from IT-enabled investments and services portfolio Transparency of IT costs, benefits and risk Delivery of IT services in line with business requirements Adequate use of applications, information and technology solutions IT agility Security of information, processing infrastructure and applications Optimisation of IT assets, resources and capabilities Enablement and support of business processes by integrating applications and technology into business processes Delivery of programmes delivering benefits, on time, on budget, and meeting requirements and quality standards Availability of reliable and useful information for decision making IT compliance with internal policies Competent and motivated business and IT personnel Knowledge, expertise and initiatives for business innovation																	
			01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	
COBIT 5 Process			Financial					Customer			Internal					Learning and Growth				
Build, Acquire and Implement	BAI01	Manage Programmes and Projects	P		S	P	P	S	S	S			S			P			S	S
	BAI02	Manage Requirements Definition	P	S	S	S	S		P	S	S	S	S	P	S	S				S
	BAI03	Manage Solutions Identification and Build	S			S	S		P	S			S	S	S	S				S
	BAI04	Manage Availability and Capacity				S	S		P	S	S		P		S	P				S
	BAI05	Manage Organisational Change Enablement	S		S		S		S	P	S		S	S	P					P
	BAI06	Manage Changes			S	P	S		P	S	S	P	S	S	S	S	S			S
	BAI07	Manage Change Acceptance and Transitioning				S	S		S	P	S			P	S	S	S			S
	BAI08	Manage Knowledge	S				S		S	S	P	S	S			S			S	P
	BAI09	Manage Assets		S		S		P	S		S	S	P			S	S			
	BAI10	Manage Configuration		P		S		S		S	S	S	P			P	S			
Deliver, Service and Support	DSS01	Manage Operations		S		P	S		P	S	S	S	P			S	S	S	S	
	DSS02	Manage Service Requests and Incidents				P			P	S		S				S	S		S	
	DSS03	Manage Problems		S		P	S		P	S	S		P	S		P	S		S	
	DSS04	Manage Continuity	S	S		P	S		P	S	S	S	S	S		P	S	S	S	
	DSS05	Manage Security Services	S	P		P			S	S		P	S	S		S	S			
	DSS06	Manage Business Process Controls		S		P			P	S		S	S	S		S	S	S	S	
Monitor, Evaluate and Assess	MEA01	Monitor, Evaluate and Assess Performance and Conformance	S	S	S	P	S	S	P	S	S	S	P		S	S	P	S	S	
	MEA02	Monitor, Evaluate and Assess the System of Internal Control		P		P		S	S	S		S				S	P		S	
	MEA03	Monitor, Evaluate and Assess Compliance With External Requirements		P		P	S		S			S					S		S	

G. Process Reference Guide Contents

“• **Process identification**—On the first page:

– **Process label**—The domain prefix (EDM, APO, BAI, DSS, MEA) and the process number – **Process name**—A short description, indicating the main subject of the process – **Area of the process**—Governance or management – **Domain name**

• **Process description**—An overview of what the process does and a high-level overview of how the process accomplishes its purpose

• **Process purpose statement**—A description of the overall purpose of the process • **Goals cascade information**—Reference and description of the IT-related goals that are primarily supported by the

process,⁶ and metrics to measure the achievement of the IT-related goals • **Process goals and metrics**—A set of process goals and a limited number of example metrics • **RACI chart**—A suggested assignment of level of responsibility for process practices to different roles and structures.

The enterprise roles listed are shaded darker than the IT roles. The different levels of involvement are:

– **R(esponsible)**—**Who is getting the task done?** This refers to the roles taking the main operational stake in fulfilling

the activity listed and creating the intended outcome

– **A(ccountable)**—**Who accounts for the success of the task?** This assigns the overall accountability for getting the task done (Where does the buck stop?). Note that the role mentioned is the lowest appropriate level of accountability; there are, of course, higher levels that are accountable, too. To enable empowerment of the enterprise, accountability is broken down as far as possible. Accountability does not indicate that the role has no operational activities; it is very likely that the role gets involved in the task. As a principle, accountability cannot be shared.

– **C(onsulted)**—**Who is providing input?** These are key roles that provide input. Note that it is up to the accountable and responsible role(s) to obtain information from other units or external partners, too. However, inputs from the roles listed are to be considered and, if required, appropriate action has to be taken for escalation, including the information of the process owner and/or the steering committee.

– **I(nformed)**—**Who is receiving information?** These are roles who are informed of the achievements and/or deliverables of the task. The role in ‘accountable’, of course, should always receive appropriate information to oversee the task, as does the responsible roles for

their area of interest.

- **Detailed description of the process practices**—For each practice: – Practice title and description – Practice inputs and outputs, with indication of origin and destination – Process activities, further detailing the practices
- **Related guidance**—References to other standards and direction to additional guidance.” (COBIT 5 Enabling Process, 2012, pp25)

H. Metrics

BSC Dimension	IT-related Goal	Metric
Financial	01 Alignment of IT and business strategy	<ul style="list-style-type: none"> • Percent of enterprise strategic goals and requirements supported by IT strategic goals • Level of stakeholder satisfaction with scope of the planned portfolio of programmes and services • Percent of IT value drivers mapped to business value drivers
	02 IT compliance and support for business compliance with external laws and regulations	<ul style="list-style-type: none"> • Cost of IT non-compliance, including settlements and fines, and the impact of reputational loss or embarrassment • Number of IT-related non-compliance issues reported to the board or causing public comment • Number of non-compliance issues relating to contractual agreements with IT service providers • Coverage of compliance assessments
	03 Commitment of executive management for making IT-related decisions	<ul style="list-style-type: none"> • Percent of executive management roles with clearly defined accountabilities for IT decisions • Number of times IT is on the board agenda in a proactive manner • Frequency of IT strategy (executive) committee meetings • Rate of execution of executive IT-related decisions

BSC Dimension	Enterprise Goal	Metric
Customer	6. Customer-oriented service culture	<ul style="list-style-type: none"> • Number of customer service disruptions due to IT service-related incidents (reliability) • Percent of business stakeholders satisfied that customer service delivery meets agreed-on levels • Number of customer complaints • Trend of customer satisfaction survey results
	7. Business service continuity and availability	<ul style="list-style-type: none"> • Number of customer service interruptions causing significant incidents • Business cost of incidents • Number of business processing hours lost due to unplanned service interruptions • Percent of complaints as a function of committed service availability targets
	8. Agile responses to a changing business environment	<ul style="list-style-type: none"> • Level of board satisfaction with enterprise responsiveness to new requirements • Number of critical products and services supported by up-to-date business processes • Average time to turn strategic enterprise objectives into an agreed-on and approved initiative
	9. Information-based strategic decision making	<ul style="list-style-type: none"> • Degree of board and executive management satisfaction with decision making • Number of incidents caused by incorrect business decisions based on inaccurate information • Time to provide supporting information to enable effective business decisions
	10. Optimisation of service delivery costs	<ul style="list-style-type: none"> • Frequency of service delivery cost optimisation assessments • Trend of cost assessment vs. service level results • Satisfaction levels of board and executive management with service delivery costs
Internal	11. Optimisation of business process functionality	<ul style="list-style-type: none"> • Frequency of business process capability maturity assessments • Trend of assessment results • Satisfaction levels of board and executives with business process capabilities
	12. Optimisation of business process costs	<ul style="list-style-type: none"> • Frequency of business process cost optimisation assessments • Trend of cost assessment vs. service level results • Satisfaction levels of board and executive management with business processing costs
	13. Managed business change programmes	<ul style="list-style-type: none"> • Number of programmes on time and within budget • Percent of stakeholders satisfied with programme delivery • Level of awareness of business change induced by IT-enabled business initiatives
	14. Operational and staff productivity	<ul style="list-style-type: none"> • Number of programmes/projects on time and within budget • Cost and staffing levels compared to benchmarks
	15. Compliance with internal policies	<ul style="list-style-type: none"> • Number of incidents related to non-compliance to policy • Percent of stakeholders who understand policies • Percent of policies supported by effective standards and working practices
Learning and Growth	16. Skilled and motivated people	<ul style="list-style-type: none"> • Level of stakeholder satisfaction with staff expertise and skills • Percent of staff whose skills are insufficient for the competency required for their role • Percent of satisfied staff
	17. Product and business innovation culture	<ul style="list-style-type: none"> • Level of awareness and understanding of business innovation opportunities • Stakeholder satisfaction with levels of product and innovation expertise and ideas • Number of approved product and service initiatives resulting from innovative ideas

I. IT Savvy Concept

“Every modern company should have an IT department. Every company should have a smoothly running IT department that adds value to everything the company does. I’m betting that most companies have about 50% of what they need – they’ve got an IT department. What’s missing is a way to transform that IT department in to a savvy IT department. For that matter, what does a savvy IT department look like anyway?”

1. What Do Savvy IT Departments Do?

If the key to the success for an IT department is for it to become “savvy”, then we’re going to need some help here to find out just exactly what that means. The good news is that Dr. Peter Weill up at MIT has just written a book called IT Savvy: What Top Executives Must Know to Go from Pain to Gain. What he says is that a savvy IT department is one that knows how to transform information technology into a strategic asset that the company can use to compete better.

You might be saying to yourself “Isn’t this obvious?” However, it turns out that most IT departments aren’t run this way. Instead they operate in silos, they move slowly, and require lots of funding to just keep their heads above water.

This stands in stark contrast to what Dr. Weill says that savvy IT departments do. He says that they spend the bulk of their time standardizing and digitizing a company’s core processes. What they learn from doing this shows them the way to the next set of projects that they need to be working on.

Once a savvy IT department has been able to create a digital platform that can be used to run the company, the next step is to reach out. This means that they look for ways to digitally interface and connect with other companies and vendors.

2. Why Change?

Look, change in any form is both difficult and painful. Sure your IT department might not be the most savvy one out there, but does it really matter? Well, yes it does. It turns out that savvy IT departments have been found to be 21% more profitable than non savvy ones.

If that wasn’t enough, it turns out that savvy IT departments also move faster. They are able to get new products and services to market quicker and to produce add-ons to existing solutions.

The reason that they are able to do this is because of what they’ve already done. Dr. Weill calls this the “agility paradox” – once you’ve digitized and standardized your core business processes, then the company will be faster to market and in the end will end up getting more revenue from the new products that they introduce.

3. It's All About IT Insights

Savvy IT departments have the ability to look at all of a company's business processes and determine which ones should be shared across the business (and which ones should not be). Once this decision has been made, integration can occur.

Integration is when IT works to provide access to company data across the company and finds way to standardize the flow of information in order to reduce or eliminate variations in business processes.

Savvy IT departments have this ability. They can make a decision about which processes to integrate and stick with it. That's what makes them savvy.

4. What All Of This Means For You

Every IT department has a choice to make: are they a loner or part of the company's team? In order to be part of the company team, each IT department needs to become a savvy IT department.

In order for your IT department to become a savvy IT department they have to focus on what really counts. This means looking at the firm's business processes and picking the ones that matter the most. Then those processes need to be standardized and digitized so that the information can be shared across the company.

The secret to becoming a savvy IT company is to stop doing each IT project as a one-off. Instead, each project needs to be viewed as one that has links to the projects that were done before. In this way your IT department can create a reusable platform for the entire company to use and they will have become a savvy IT department.” (Anderson J. , 2010)

J. Monthly Closing

“In accounting the monthly close is the processing of transactions, journal entries and financial statements at the end of each month. Under the accrual method of accounting, it is imperative that the financial statements reflect only the transactions and journal entries having relevance to the current month's revenues and expenses, and end-of-the-month assets and liabilities. Expressed another way, the monthly close must achieve a proper cutoff of each month's financial activities.

To ensure that the monthly financial statements are accurate and timely, companies will use standard journal entries, recurring journal entries, and checklists for the tasks that must be completed.

If a company has inventories, its monthly close will be more challenging as it will have to be certain that the costs are recorded in the same month as the goods are added to the inventories. In short, the accrual of expenses becomes immensely important when goods are received and are sold.

Another important step in the monthly close is to compare the amounts and percentages on the current financial statements to those of earlier months. For example, if the current income statement shows the cost of goods sold as 88% instead of the typical 81%, the current month's amounts need to be reviewed before releasing the financial statements. Often the comparison of the balance sheet amounts to those of earlier months will provide insight as to unusual amounts shown on the income statement.” (Accounting Coach, 2017)

K. BAI – IT program

BAI01 Manage Programmes and Projects		Area: Management Domain: Build, Acquire and Implement
Process Description Manage all programmes and projects from the investment portfolio in alignment with enterprise strategy and in a co-ordinated way. Initiate, plan, control, and execute programmes and projects, and close with a post-implementation review.		
Process Purpose Statement Realise business benefits and reduce the risk of unexpected delays, costs and value erosion by improving communications to and involvement of business and end users, ensuring the value and quality of project deliverables and maximising their contribution to the investment and services portfolio.		
The process supports the achievement of a set of primary IT-related goals:		
IT-related Goal	Related Metrics	
01 Alignment of IT and business strategy	<ul style="list-style-type: none"> • Percent of enterprise strategic goals and requirements supported by IT strategic goals • Level of stakeholder satisfaction with scope of the planned portfolio of programmes and services • Percent of IT value drivers mapped to business value drivers 	
04 Managed IT-related business risk	<ul style="list-style-type: none"> • Percent of critical business processes, IT services and IT-enabled business programmes covered by risk assessment • Number of significant IT-related incidents that were not identified in risk assessment • Percent of enterprise risk assessments including IT-related risk • Frequency of update of risk profile 	
05 Realised benefits from IT-enabled investments and services portfolio	<ul style="list-style-type: none"> • Percent of IT-enabled investments where benefit realisation is monitored through the full economic life cycle • Percent of IT services where expected benefits are realised • Percent of IT-enabled investments where claimed benefits are met or exceeded 	
13 Delivery of programmes delivering benefits, on time, on budget, and meeting requirements and quality standards	<ul style="list-style-type: none"> • Number of programmes/projects on time and within budget • Percent of stakeholders satisfied with programme/project quality • Number of programmes needing significant rework due to quality defects • Cost of application maintenance vs. overall IT cost 	
Process Goals and Metrics		
Process Goal	Related Metrics	
1. Relevant stakeholders are engaged in the programmes and projects.	<ul style="list-style-type: none"> • Percent of stakeholders effectively engaged • Level of stakeholder satisfaction with involvement 	
2. The scope and outcomes of programmes and projects are viable and aligned with objectives.	<ul style="list-style-type: none"> • Percent of stakeholders approving enterprise need, scope, planned outcome and level of project risk • Percent of projects undertaken without approved business cases 	
3. Programme and project plans are likely to achieve the expected outcomes.	<ul style="list-style-type: none"> • Percent of activities aligned to scope and expected outcomes • Percent of active programmes undertaken without valid and updated programme value maps 	
4. The programme and project activities are executed according to the plans.	<ul style="list-style-type: none"> • Frequency of status reviews • Percent of deviations from plan addressed • Percent of stakeholder sign-offs for stage-gate reviews of active programmes 	
5. There are sufficient programme and project resources to perform activities according to the plans.	<ul style="list-style-type: none"> • Number of resource issues (e.g., skills, capacity) 	
6. The programme and project expected benefits are achieved and accepted.	<ul style="list-style-type: none"> • Percent of expected benefits achieved • Percent of outcomes with first-time acceptance • Level of stakeholder satisfaction expressed at project closure review 	

L. DSS – IT program

DSS01 Manage Operations		Area: Management Domain: Deliver, Service and Support
Process Description Co-ordinate and execute the activities and operational procedures required to deliver internal and outsourced IT services, including the execution of pre-defined standard operating procedures and the required monitoring activities.		
Process Purpose Statement Deliver IT operational service outcomes as planned.		
The process supports the achievement of a set of primary IT-related goals:		
IT-related Goal	Related Metrics	
04 Managed IT-related business risk	<ul style="list-style-type: none"> • Percent of critical business processes, IT services and IT-enabled business programmes covered by risk assessment • Number of significant IT-related incidents that were not identified in risk assessment • Percent of enterprise risk assessments including IT-related risk • Frequency of update of risk profile 	
07 Delivery of IT services in line with business requirements	<ul style="list-style-type: none"> • Number of business disruptions due to IT service incidents • Percent of business stakeholders satisfied that IT service delivery meets agreed-on service levels • Percent of users satisfied with the quality of IT service delivery 	
11 Optimisation of IT assets, resources and capabilities	<ul style="list-style-type: none"> • Frequency of capability maturity and cost optimisation assessments • Trend of assessment results • Satisfaction levels of business and IT executives with IT-related costs and capabilities 	
Process Goals and Metrics		
Process Goal	Related Metrics	
1. Operational activities are performed as required and scheduled.	<ul style="list-style-type: none"> • Number of non-standard operational procedures executed • Number of incidents caused by operational problems 	
2. Operations are monitored, measured, reported and remediated.	<ul style="list-style-type: none"> • Ratio of events compared to the number of incidents • Percent of critical operational event types covered by automatic detection systems 	

M. MEA – IT program

MEA01 Monitor, Evaluate and Assess Performance and Conformance		Area: Management Domain: Monitor, Evaluate and Assess
Process Description Collect, validate and evaluate business, IT and process goals and metrics. Monitor that processes are performing against agreed-on performance and conformance goals and metrics and provide reporting that is systematic and timely.		
Process Purpose Statement Provide transparency of performance and conformance and drive achievement of goals.		
The process supports the achievement of a set of primary IT-related goals:		
IT-related Goal	Related Metrics	
04 Managed IT-related business risk	<ul style="list-style-type: none"> • Percent of critical business processes, IT services and IT-enabled business programmes covered by risk assessment • Number of significant IT-related incidents that were not identified in risk assessment • Percent of enterprise risk assessments including IT-related risk • Frequency of update of risk profile 	
07 Delivery of IT services in line with business requirements	<ul style="list-style-type: none"> • Number of business disruptions due to IT service incidents • Percent of business stakeholders satisfied that IT service delivery meets agreed-on service levels • Percent of users satisfied with the quality of IT service delivery 	
11 Optimisation of IT assets, resources and capabilities	<ul style="list-style-type: none"> • Frequency of capability maturity and cost optimisation assessments • Trend of assessment results • Satisfaction levels of business and IT executives with IT-related costs and capabilities 	
15 IT compliance with internal policies	<ul style="list-style-type: none"> • Number of incidents related to non-compliance to policy • Percent of stakeholders who understand policies • Percent of policies supported by effective standards and working practices • Frequency of policies review and update 	
Process Goals and Metrics		
Process Goal	Related Metrics	
1. Goals and metrics are approved by the stakeholders.	<ul style="list-style-type: none"> • Percent of goals and metrics approved by stakeholders 	
2. Processes are measured against agreed-on goals and metrics.	<ul style="list-style-type: none"> • Percent of processes with defined goals and metrics 	
3. The enterprise monitoring, assessing and informing approach is effective and operational.	<ul style="list-style-type: none"> • Percent of processes with effectiveness of goals and metrics reviewed and improved • Percent of critical processes monitored 	
4. Goals and metrics are integrated within enterprise monitoring systems.	<ul style="list-style-type: none"> • Percent of goals and metrics aligned to enterprise monitoring system 	
5. Process reporting on performance and conformance is useful and timely.	<ul style="list-style-type: none"> • Percent of performance reports delivered as scheduled 	