


Investment in IT Enabled Business Change

Thilak Pathirage
*Senior IT Governance and Information
Security Consultant*

Emerging Strategy for Optimizing ITBV

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CISCO Information
Security
Services (Pvt) Ltd.

Presentation Outline

- Introduction
- Why Val IT ?
- Roll of Governance
- Banking Sector experience
- Overview of Val IT
- Val IT Framework
- Business Case development
- Benefit Realization
- Critical Success Factors



Unlocking Value

Delivering on the promise of
Information Technology

“Within the Val IT framework, value is defined as the total life-cycle benefits net of related costs, adjusted for risk and (in the case of financial value) for the time value of money.”



***“If You can’t measure it, You
can’t manage it”***

Peter Drucker



“The failed promises of the Information Age add up to the longest-running disappointment in business history. On the other hand, information technology has produced an enormous transition, something that companies should be grappling with and studying every day.”

*Jack Welch
World Economic Forum, Davos, 1997*



Why Val IT?

- Executives many times do not know what return they expect to achieve on an IT investment.
- If they do know what return they expect to achieve, they do not know if they are achieving it.
- Research indicates that IT investment presents a tremendous opportunity, but it is also one that is often wasted.



Why Val IT?

Top 5 complaints of business executives regarding IT¹:

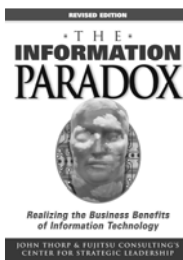
- IT investments are unrelated to business strategy
- Payoff from IT investments is inadequate
- There's too much "technology for technology's sake"
- Relations between IT users and IT specialists are poor
- Systems designers do not consider users' preferences and work habits.

¹ Bensaou, M. and Earl, Michael. "The Right Mindset for Managing Information Technology". *Harvard Business Review*. 2006



Does IT matters?

The Information Paradox!!

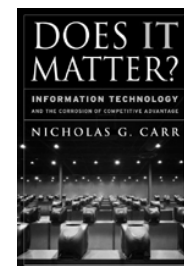


The value of IT is being increasingly questioned...



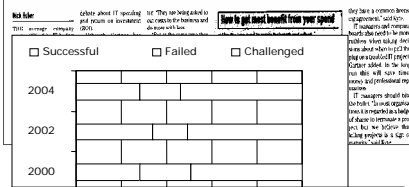
The Information Paradox, John Thorp,

...yet organizations continue to spend more and more on IT



The Reality

Gartner: firms waste \$351bn each year on ill-conceived IT projects



- Low return from high-cost IT investments, and transparency of IT's performance are two of the top issues
- More than 30% claim negative return from IT investments targeting efficiency gains
- 40% do not have good alignment between IT plans and business strategy

- Gartner publication, 2002: more than 600 billion \$ thrown away annually on ill conceived or ill executed IT projects

- 20% of IT begets are inefficient spending or wasted

- In 2004 IBM survey of *Fortune* 1000 CIOs reported that, on average, 40 percent of all IT spending brought no return to their organizations.

Standish Group – about 28% of projects fail outright, 46% are challenged and only 26% are successful



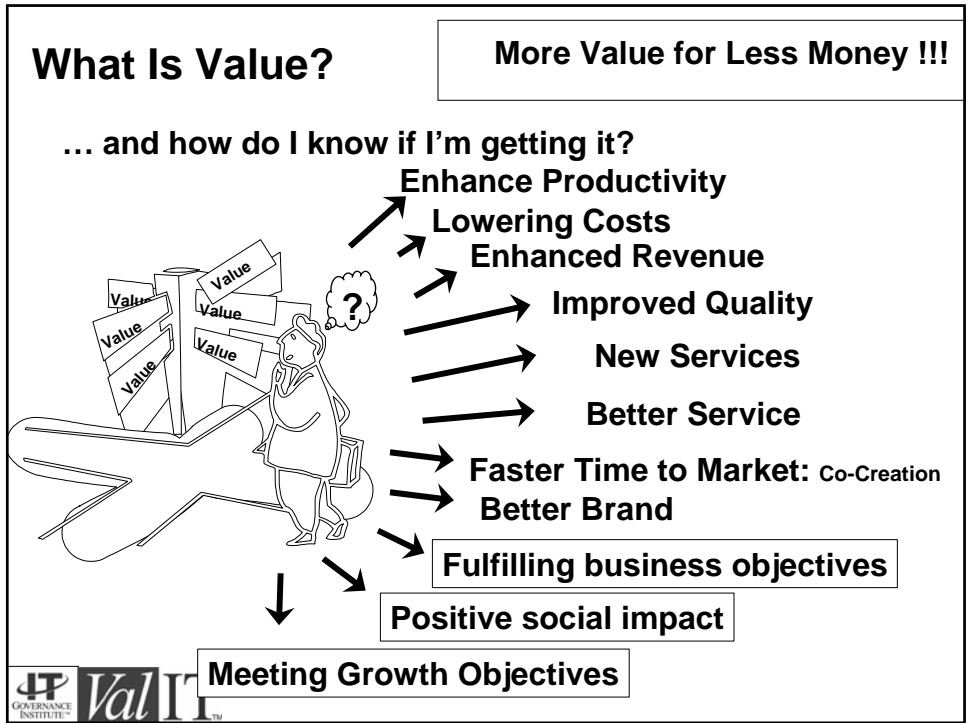
The Fundamental Question

Are we maximizing the value of our IT-enabled business investments such that:

- Are we getting **optimal benefits**;
- at an **affordable cost**; and
- with an **acceptable level of risk**?

Over the full economic life-cycle of the investment





The Management Mind-Set Lag

Mind-set rooted in “Silver Bullet Thinking”

→ **“Build it and they will come”**

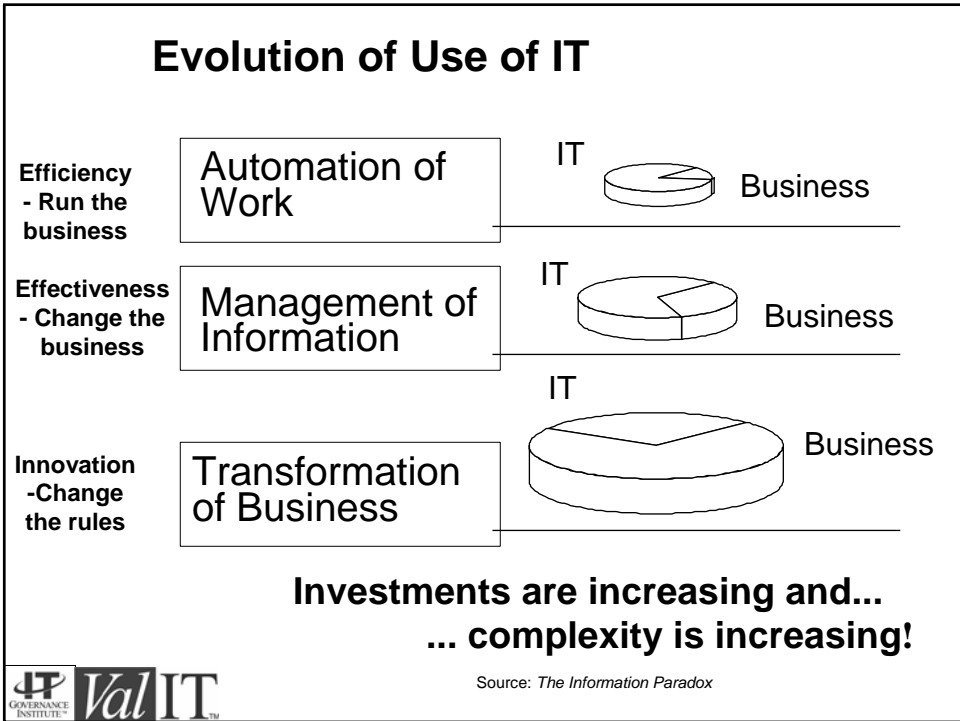
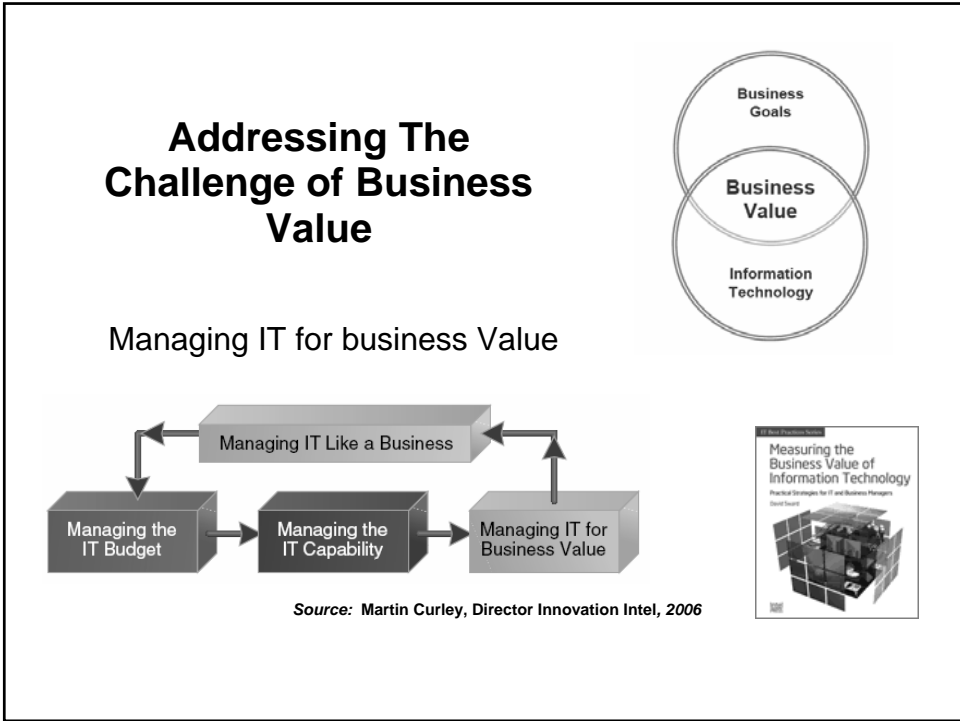
Customer value: Co- Creation

Stakeholders may hold differing views of what represents value

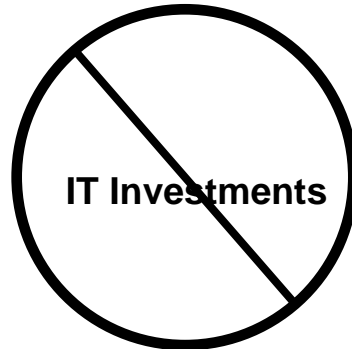
An issue of business value

A Business Issue

4P Val IT GOVERNANCE INSTITUTE™



Failed to Recognize the Change!



Source: *The Information Paradox*



The Role of Governance

- Realizing the true potential of investments in IT-enabled change requires:

- » Recognizing that we implementing change... NOT technology
- » Managing the change that IT both enables and requires through a governance approach that:
 - Ensures clarity of, and accountability for the desired outcomes
 - Enables understanding of the full scope of effort
 - Breaks down the “silos” and “connects the dots”
 - Manage the full economic life-cycle
 - Senses and responds to changes and deviations

**The
Business
Challenge**

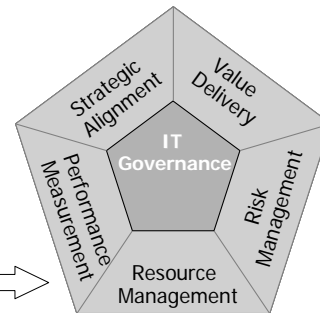
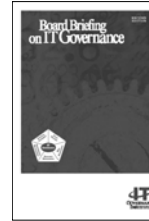
This is a significant leadership challenge, opportunity and responsibility!



What is IT Governance?

Leadership, process and structure to ensure the enterprise's IT enables and supports the enterprise's strategies and objectives by defining:

1. what key decisions need to be made;
2. who is responsible for making them;
3. how they are made; and
4. the process and supporting structures for making them, including monitoring adherence to the process and the effectiveness of decisions



Focusing on five areas



ITGI, Board Briefing on IT Governance

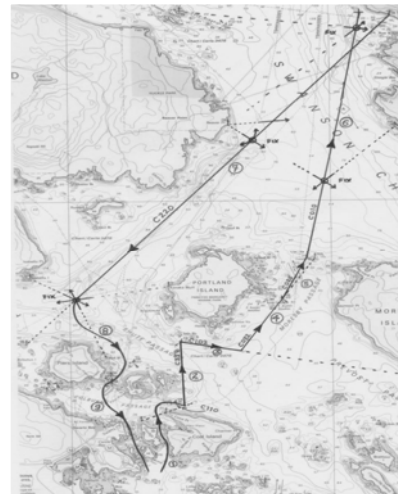
Another Definition...

Analogy:
to steer a ship – the process of *continually orienting and adjusting*

“any organization is multifaceted, and the range of organizational variables is mind-boggling”

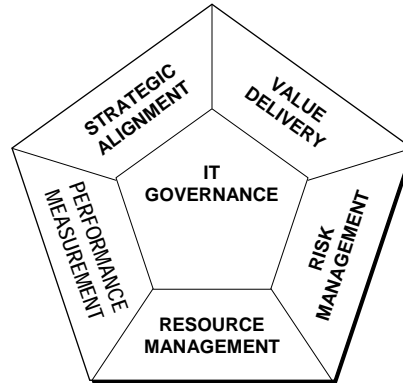
John Roberts
The Modern Firm

“Managing an uncertain journey to an uncertain destination”



IT Governance Needs a Management Framework

Driving Forces
Map Onto the
IT Governance
Focus Areas



Focusing on five areas



Val IT Overview

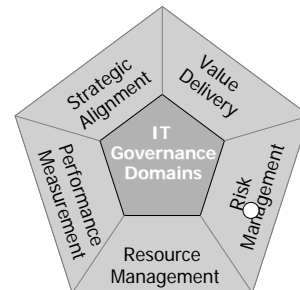
Val IT and Governance

- ITGI regards *value delivery* as one of the five focus areas of IT governance, alongside strategic alignment, performance measurement, resource management, and risk management.

- A recent CISR study and a number of other related projects claim that:

“Effective IT Governance is the single most important predictor of the value an organization generates from IT”

Peter Weill and Jeannie W. Ross, IT Governance

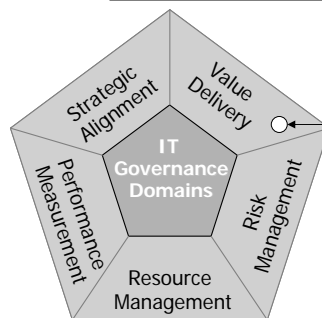


Integration of IT with business goals in only marginally easier than reaching the summit of Everest!!!!



IT Governance Focus Areas

Value delivery is about executing the value proposition throughout the delivery cycle, ensuring that IT delivers the promised benefits against the strategy, concentrating on optimising expenses and proving the value of IT, and on controlling projects and operational processes with practices that increase the probability of success (quality, risk, time, budget, cost, etc)



“The Best and the Worst of Information Technology”

The Good News

“Enterprises that actively design their top-level IT governance arrangements make and implement better IT-related decisions”.

Gartner

“Firms with focused strategies and above average IT Governance had more than 20% higher profits than other firms following the same strategies.”

Peter Weill and Jeannie W. Ross, IT Governance

Enterprises focused on converging their business and technology disciplines exhibited superior revenue growth and net margins relative to their industry groups and exhibited consistently greater rates of return than those of their competitors

BTM Institute

The Bad News

Only 38% of executives/senior management can describe their organizations IT Governance process

In most cases, IT Governance has not been designed – it has just developed “piecemeal” in response to specific issues Peter Weill and Jeannie W. Ross, *IT Governance*

Only 40% of approved projects have valid (realistic) benefit statements

Less than 10% of organisations ensure benefits are realised post-project

Less than 5% of organisations hold project stakeholders responsible for benefit attainment

Meta Group July 2004

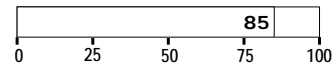
In many organizations less than 8% of the IT budget is actually spent on initiatives that bring value to the enterprise.

Butler Group, 2005

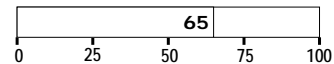


The Not so Good News

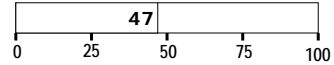
The IT investment process is influenced by personal or political aspirations



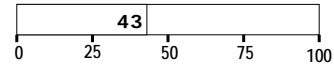
Assessment of the implications of business change is 'poor' or worse



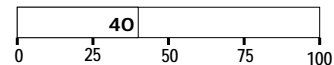
Assessment of business benefits is 'poor' or worse



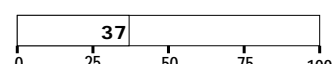
IT investment process too bureaucratic



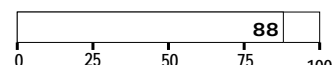
Little 'real' involvement of business managers



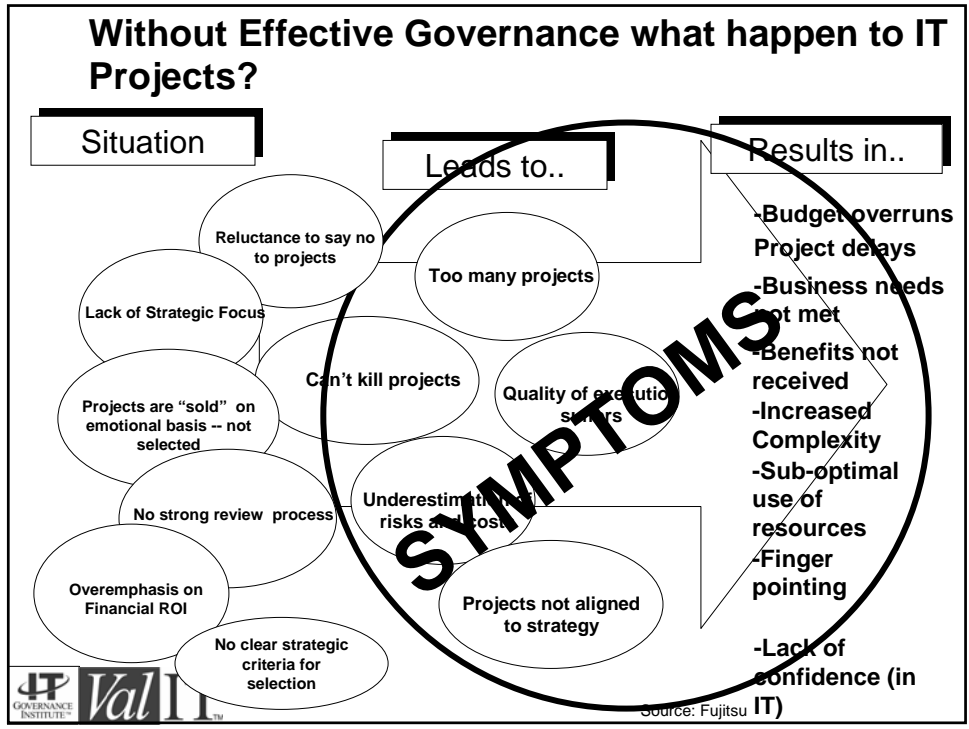
Quality of IT investment appraisal is 'poor' or 'very poor'



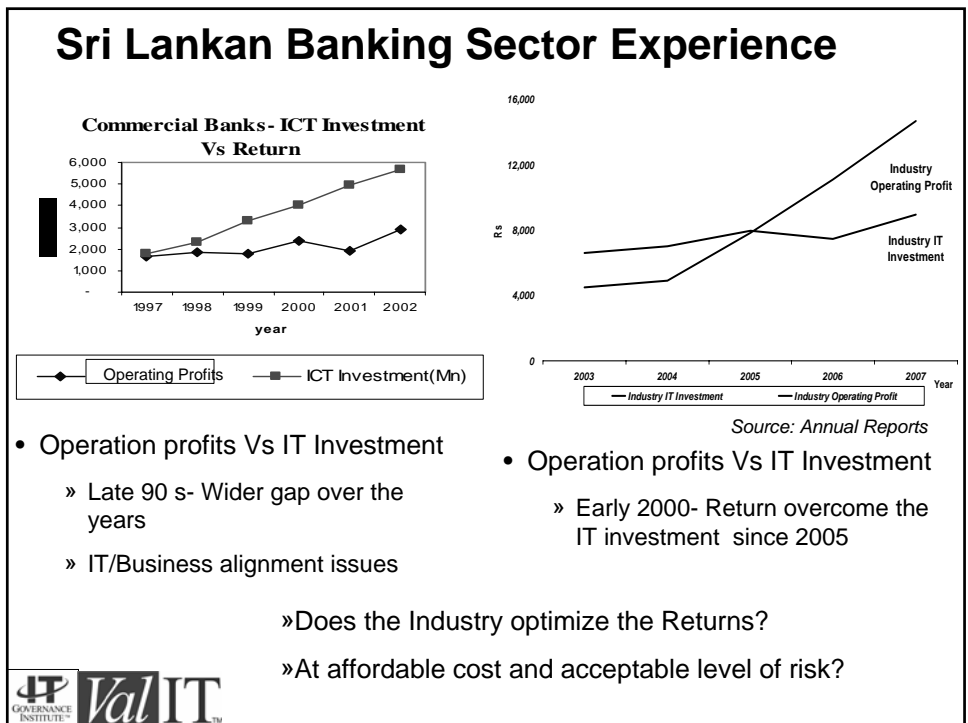
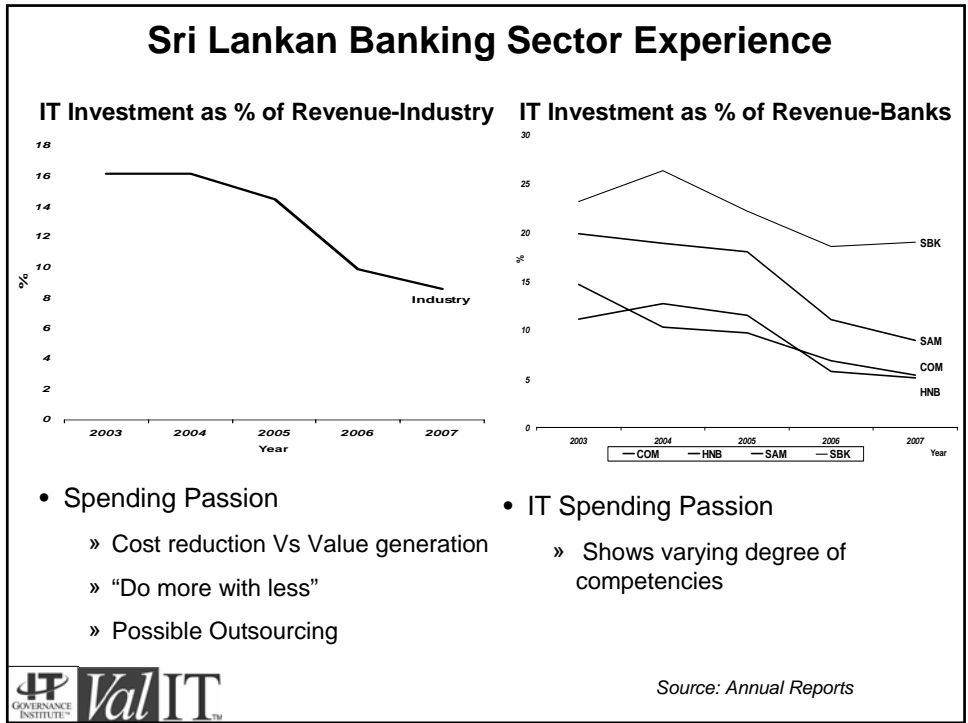
The organisation is trying to improve the situation (49% to a significant extent)



*IT Investment Appraisal Survey
Cranfield School of Management, FT, June 17 2005*



Banking Sector Experiences



The Challenge

“Weakest of the links in the chain of information technologies available today for use by business and industry is management itself.”



J. W. Haslett

Journal of Systems Management

1969

Lack of Governance!!!



IT Business Value Methodologies

- Select one that most suitable to the organization
 - » Val IT- by ITGI
 - » Business Value Index- by Intel
 - » Total Economic Impact- by Forrester
 - » Applied Information Economics- by the industry researchers
- There is no right and wrong methodology but big win comes when any one applies consistently across the organization



Measuring Value of IT investment

- **Why Pure Financial Measures Aren't Enough?**
 - » ROI, IRR ,NPV or similar metrics
- **Serious drawbacks:**
 - » There are too many to choose from and multiple interpretation
 - » They imply a precision that doesn't exist – assumptions
 - » They often fail to account for intangible benefits
 - » Do not account for future opportunities
 - » They fail to incorporate Risk- biggest flow
 - Focus risk adjusted return -Hurdle rate



Val IT Overview



Val IT™ (Value IT)

Val IT Definition

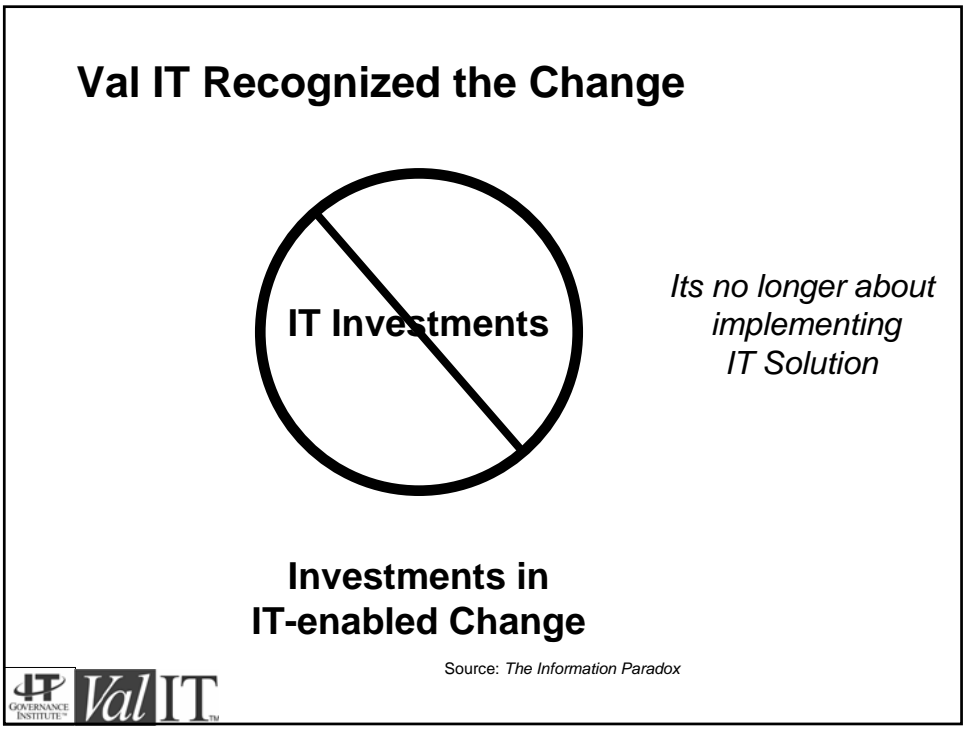
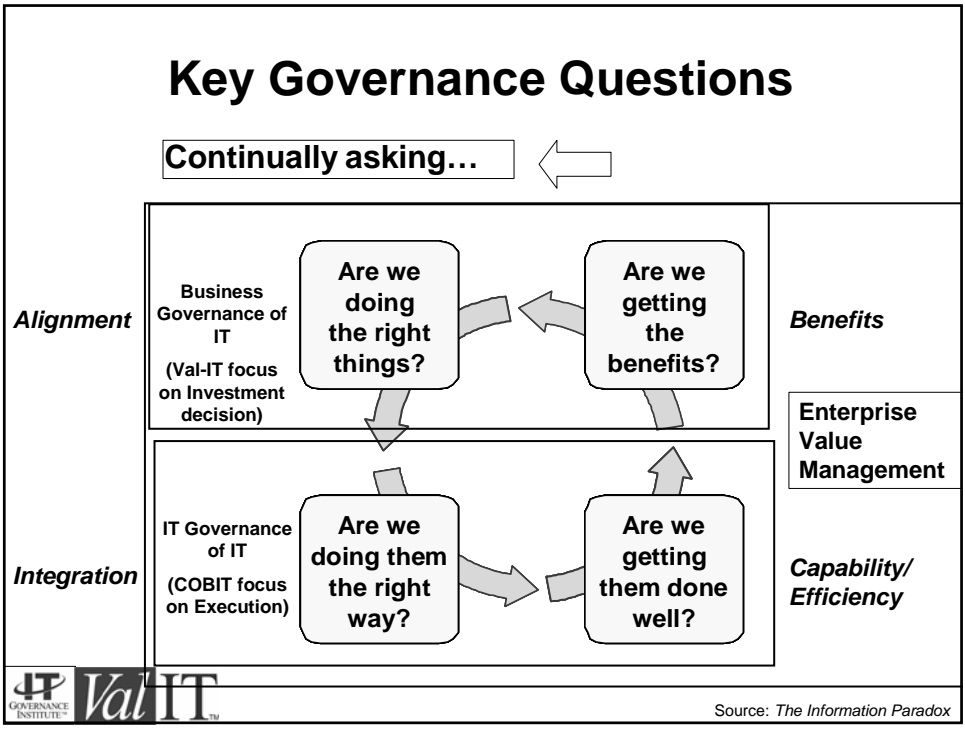
Val IT: The standard framework for organizations to select and manage IT-related business investments and IT assets by means of investment programs such that they deliver the optimal value to the organization. Based on COBIT.



Val IT Overview

- “The Val IT initiative is intended to respond to the need for organizations to optimize the realization of value from IT investments.”
- “Val IT is a framework that provides the “means to monitor and optimize the realization of business value from IT investments Whereas CobiT is a framework to assist with the delivery of high quality IT services .”
- “Help management to ensure realization of optimal value from IT-enabled business investments, at an affordable cost, with a known and acceptable level of risk.”





Val IT Overview

- The Val IT framework is organized into three key processes:
 - *Value Governance (VG)*
 - *Portfolio Management (PM)*
 - *Investment Management (IM)*



Val IT Principles 1/3

IT-enabled investments will:

- ✓ be managed as *a portfolio of investments*.
- ✓ include the *full scope of activities* that are required to achieve business value.
- ✓ be managed through their *full economic life cycle*.



Val IT and slides copyright © 2008 IT Governance Institute. Used with permission.

Val IT Principles 2/3

Value delivery practices will:

- ✓ recognize that there are ***different categories of investments*** that will be evaluated and managed differently.
- ✓ define and monitor ***key metrics*** and will respond quickly to any changes or deviations.



Val IT Principles 3/3

Value delivery practices will:

- ✓ engage all stakeholders and assign ***appropriate accountability*** for the delivery of capabilities and the realisation of business benefits.
- ✓ be ***continually monitored, evaluated and improved.***



Val IT Objectives

- Increasing the understanding and transparency of costs, risks and benefits.
- Increasing the probability of selecting those investments with the highest potential return.
- Increasing the likelihood of success of executing selected investments such that they realize or exceed the expected return.



Val IT Objectives...

- Reduce costs by not doing things they should not be doing and taking early corrective action on or terminating investments that are not delivering to their expected potential.
- Reduce the risk of failure, especially high-impact failure.
- Reduce the surprises relative to IT cost and delivery, and in so doing increase business value, reduce unnecessary costs and increase the overall level of confidence in IT.



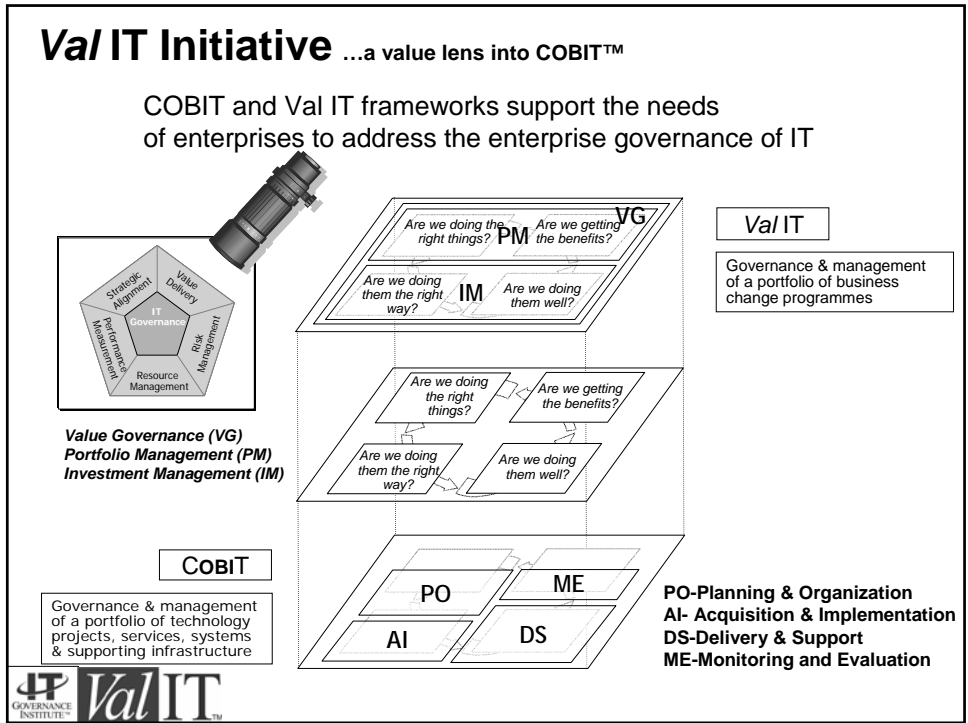
Val-IT and Governance



Val IT and COBIT

- Val IT provides a value lens into COBIT.
 - » COBIT sets good practices for the IT function's *means* of contributing to the process of value creation.
 - » Val IT sets good practices for the *ends*- the *outcomes*- thereby enabling enterprises to measure, monitor and optimize value.
- All Val IT management practices are cross-referenced to CobiT as primary and secondary links.
- A version of the COBIT RACI chart is also provided.
- COBIT RACI model providing guidance on whether the executive (Exec), business (Bus) or the IT function (IT) should be responsible (R), accountable (A), consulted (C) or informed (I) for a particular management practice





Val/IT Framework - Detail

Domain: Value Governance (VG)		Cobit Cross Ref.	RACI Chart		
Process Description	Key Management Practices		Exec	Bus	IT
<ul style="list-style-type: none"> Establish governance, monitoring and control framework Establish Strategic Direction Establish portfolio characteristics 	<p>VG1 Ensure informed and committed leadership The reporting line of the CIO should be commensurate with the importance of IT within the enterprise. All executives should have a sound understanding of strategic IT issues such as dependence on IT, technology insights and capabilities, in order that there is a common and agreed understanding between the business and IT of the potential impact of the enterprise strategy. The business and IT strategy should be integrated clearly linking enterprise goals and IT goals and should be broadly communicated</p>	Primary: PO1.2, PO4.4, ME3.1, ME3.2	A, R	C	C
	<p>VG2 Define and implement processes Define, implement and consistently follow processes that provide for clear and active linkage between the enterprise strategy, the portfolio of IT-enabled investment programmes that execute the strategy, the individual investment programmes, and the business and IT projects that make up the programmes. The processes should include: planning and budgeting; prioritisation of planned and current work within the overall budget; resource allocation consistent with the priorities; stage-gating of investment programmes; monitoring and communicating performance; taking appropriate remedial action; and benefits management such that there is an optimal return on the portfolio and on all IT assets and services.</p>	Primary: PO4.1, ME1.1, ME1.3, ME3.1 Secondary: PO5.2-5, PO10.2	A	R	C
	<p>VG3 Define roles & responsibilities Define and communicate the responsibilities for all personnel in the enterprise in relation to the portfolio of IT-enabled investment programmes, individual investment programmes and other IT assets and services to allow sufficient authority to exercise the role and responsibility assigned to them. These roles should include, but not necessarily be limited to: an investment decision body; programme sponsorship; programme management; project management; and associated support roles. Provide business with procedures, techniques, and tools enabling them to address their responsibilities. Establish and maintain an optimal coordination, communication and liaison structure between the IT function and other stakeholders inside and outside the enterprise.</p>	Primary: PO4.8, PO4.9 Secondary: PO4.8, PO4.9	A	R	C
	<p>VG4 Ensure appropriate and accepted accountability Establish a supporting and appropriate control framework that is consistent with the overall enterprise control environment, and generally accepted control principles. The framework should provide for unambiguous accountability and practices to avoid breakdown in internal control and oversight. Accountability for achieving the benefits, delivering required capabilities and controlling the costs should be clearly assigned and monitored.</p>	Primary: PO1.1, ME3.1, ME3.3 Secondary: ME3.2	A	R	C

4P Governance Institute™ Val/IT™

RACI Chart

Figure 17—Example RACI Chart (IM1)

Activities	Roles										
	Board	CEO	CFO	Investment and Services Board	IT Management	CIO	Business Sponsor	Programme Manager	Business Management Office	Project Management Office	
Create an environment that fosters and welcomes new ideas and acknowledges their champions.	R	A/R									R
Suggest new opportunities.	R	A/R	R	R	R	R					R
Capture opportunities for investment programmes to create value in support of the business strategy or to address operational or compliance issues.	C	C	C		R	C	R				A/R
Categorise the opportunity. Clarify expected business outcome(s) and identify, at a high level, business, process, people, technology and organisational initiatives required to achieve the expected outcomes.		C			R	C	C				A/R
Determine which opportunities to pursue further or examine in more depth, and identify and assign a business sponsor for each opportunity to be pursued.		C		C	C	C	C			C	A/R
Describe the business outcome(s) to which the potential programme will contribute, the nature of the programme's contribution, and how the contribution would be measured.					C	C	C	A	R		R
Identify high-level initiatives that might be required to achieve these outcomes.					C	C	C	A	R		R
Estimate the high-level benefits, both financial and non-financial, and the costs for the full economic life cycle of the programme.					C	C	C	A	R		R
State any key assumptions and identify key risks, along with their potential impact on current and future business operations, and mitigation strategies.			C		C	C	A	R			R
Document the initial programme concept business case with information obtained.					C		A	R			
Review and evaluate the initial programme concept business case.					C	C	C	A	R	R	R
Determine whether the programme should proceed to full programme definition and evaluation.					C	C	C	A	R	R	R
Obtain CIO approval and sign-off on the technical aspects of the initial programme concept business case.					I		R	A	R		
Obtain business sponsor approval and sign-off on overall initial programme concept business case.					I			A	R		

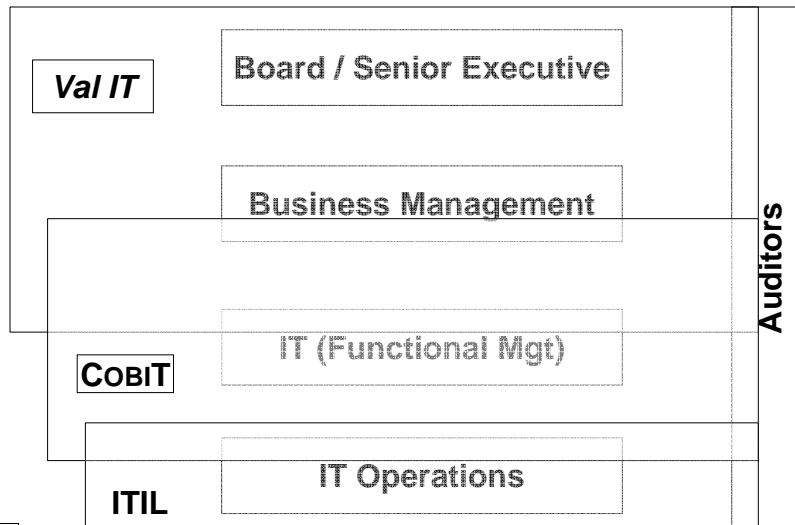
A RACI chart identifies who is Responsible, Accountable, Consulted and/or Informed.

- RACI for all three Domain VG, PM, IM
- New roles have been identified



Source: Val IT Framework 2.0

What Fits Were?



Val IT Initiatives

Publish

- Framework v2
- Business Case
- Case Study (initial)




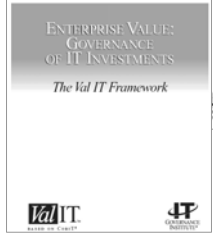
In Progress

- Extend FW to services & other IT assets/resources
- **Maturity Models**
- **Management Guidelines**
- Taxonomy
- QuickStart Guide


Planned

- Business Case v2.0
- Empirical Analysis
- Benchmarking
- Forums


**Enterprise value:
Governance
of it investments**

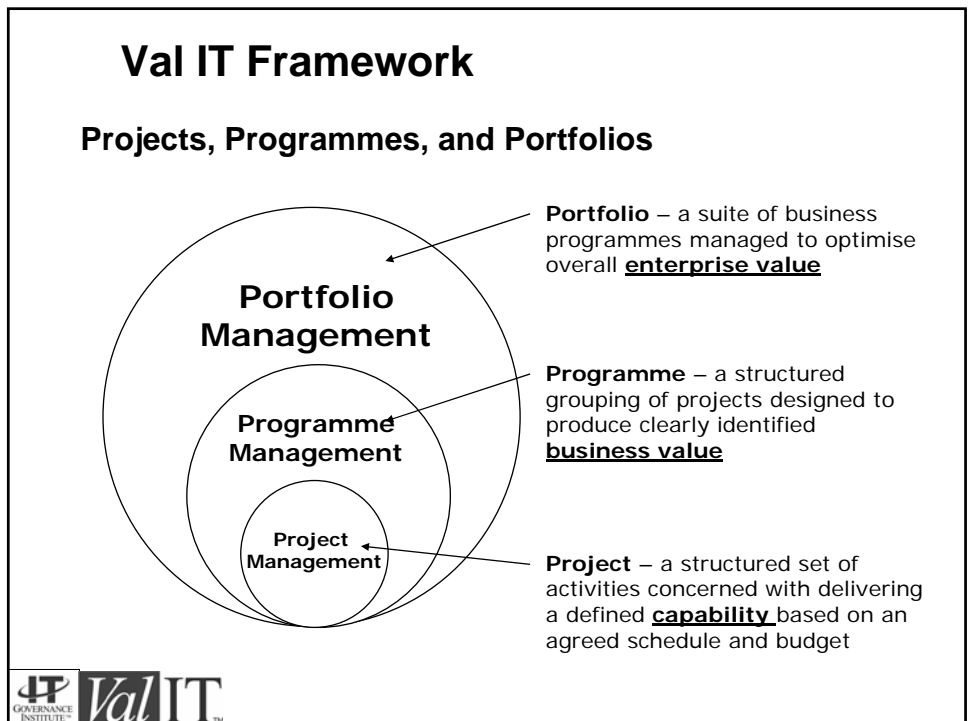
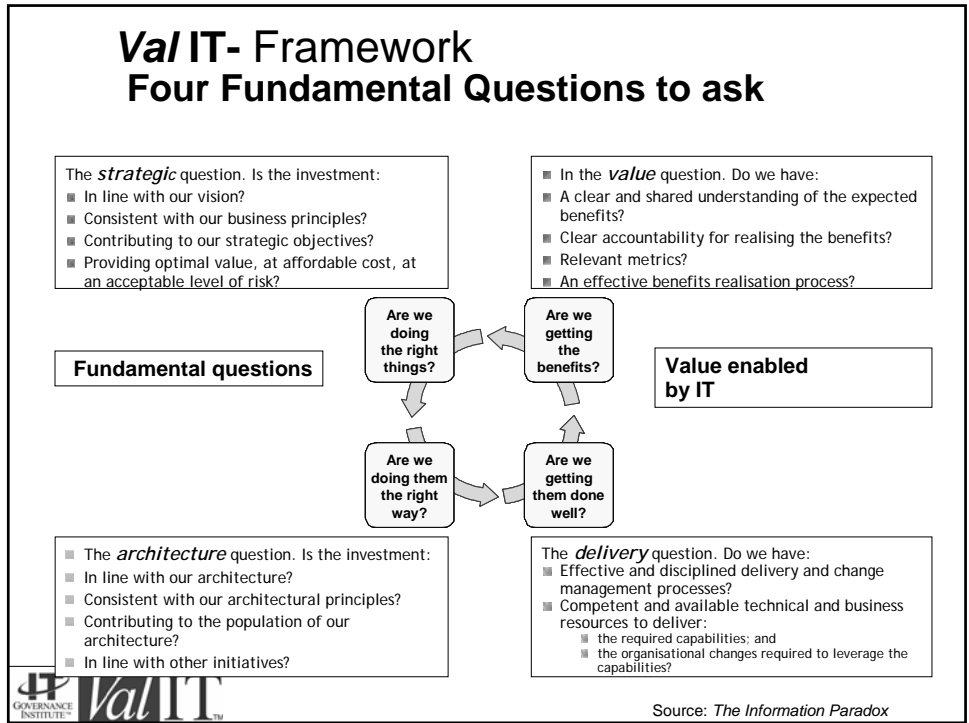





Available for free download from:
www.isaca.org or www.itgi.org



The Val IT Framework





Val IT – Domains

Value Governance (VG)

Establish a governance and control framework, provide strategic direction, and define investment portfolio characteristics

Portfolio Management (PM)

Align IT investments with an organization's strategic objectives

Investment Management (IM)

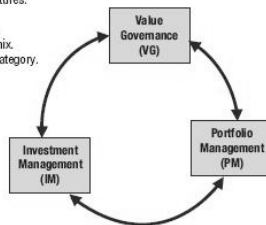
Business case development, program management, benefits realization



Val-IT Processes and Management Practices

- VG1 Ensure informed and committed leadership.
- VG2 Define and implement processes.
- VG3 Define roles and responsibilities.
- VG4 Ensure appropriate and accepted accountability.
- VG5 Define information requirements.
- VG6 Establish reporting requirements.
- VG7 Establish organisational structures.
- VG8 Establish strategic direction.
- VG9 Define investment categories.
- VG10 Determine a target portfolio mix.
- VG11 Define evaluation criteria by category.

40 Management Practices



- PM1 Maintain a human resource inventory.
- PM2 Identify resource requirements.
- PM3 Perform a gap analysis.
- PM4 Develop a resourcing plan.
- PM5 Monitor resource requirements and utilisation.
- PM6 Establish an investment threshold.
- PM7 Evaluate the initial programme concept business case.
- PM8 Evaluate and assign a relative score to the programme business case.
- PM9 Create an overall portfolio view.
- PM10 Make and communicate the investment decision.
- PM11 Stage-gate (and fund) selected programmes.
- PM12 Optimise portfolio performance.
- PM13 Re-prioritise the portfolio.
- PM14 Monitor and report on portfolio performance.

- IM1 Develop a high-level definition of investment opportunity.
- IM2 Develop an initial programme concept business case.
- IM3 Develop a clear understanding of candidate programmes.
- IM4 Perform alternatives analysis.
- IM5 Develop a programme plan.
- IM6 Develop a benefits realisation plan.
- IM7 Identify full life cycle costs and benefits.
- IM8 Develop a detailed programme business case.
- IM9 Assign clear accountability and ownership.
- IM10 Initiate, plan and launch the programme.
- IM11 Manage the programme.
- IM12 Manage/track benefits.
- IM13 Update the business case.
- IM14 Monitor and report on programme performance.
- IM15 Retire the programme.



The Val IT Framework

- Val IT Processes: Value Governance

Goal: to optimize value of investments by:

- Establishing a control framework
- Providing strategic direction
- Defining investment portfolio characteristics



The Val IT Framework

Val IT Processes: Value Governance - Sample Practices

- VG1 – Ensure informed and committed leadership (strategy awareness, IT linkage)
- VG2 – Define and implement processes (planning & budgeting, resource allocation, benefits management)
- VG4 – Ensure appropriate accountability
- VG6 – Establish reporting requirements (targets and metrics)
- VG9 – Define investment categories (mandatory, sustaining or continuity, or discretionary)
- VG10 – Determine a target portfolio mix
- VG11 – Define evaluation criteria (risk level, financial and non-financial, etc.)



The Val IT Framework

- Val IT Processes: Portfolio Management

Goal: align IT-enabled investments with an organization's strategic objectives by:

- Establishing and managing resource profiles
- Defining investment thresholds
- Evaluating, prioritizing and selecting, deferring, or rejecting new investments
- Managing the overall portfolio
- Monitoring and reporting on portfolio performance



The Val IT Framework

Val IT Processes: Portfolio Management – Sample Practices

- PM1 - PM4 – Maintain HR inventory, Define Requirements, Perform Gap Analysis, Develop a Plan
- PM6 – Establish an investment threshold (overall budget and current spend)
- PM8 – Evaluate & assign a score to the business case
- PM9 – Create an overall portfolio view (impact assessment of new business case)
- PM14 – Monitor & report on portfolio performance (to senior management and the board)



The Val IT Framework

- Val IT Processes: Investment Management

Goal: to ensure that individual IT-enabled investment programs deliver optimal value, at an affordable cost, with a known and acceptable level of risk.

- There are three key components of investment management:
 - » Business case development—Supporting selection of the right investment programs
 - » Program management—Managing execution of the program
 - » Benefits realization—Actively managing the realization of benefits from the programs

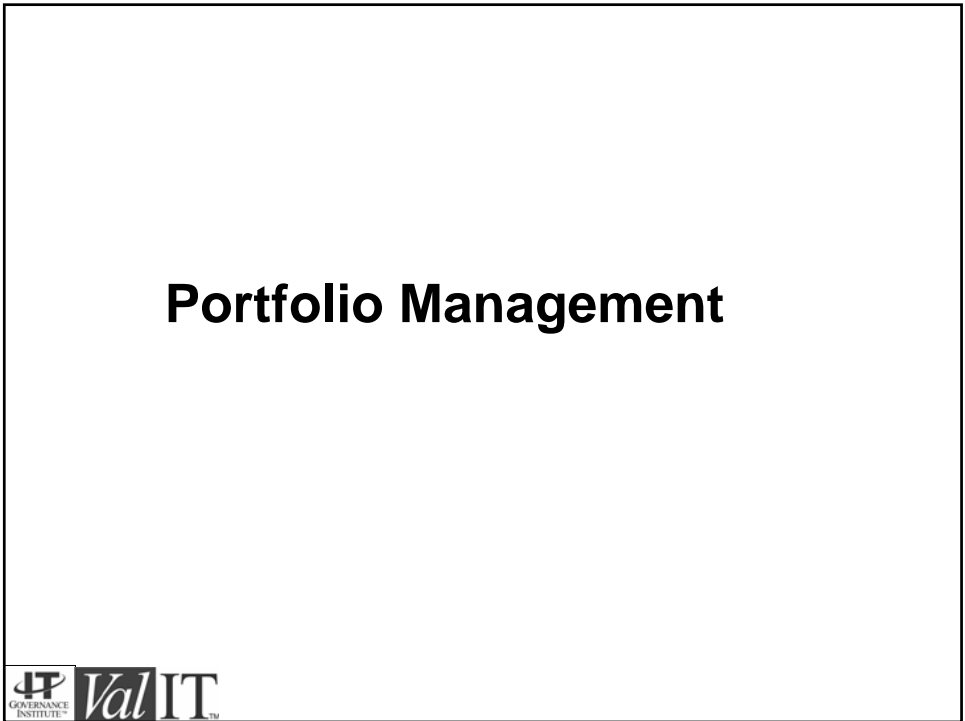
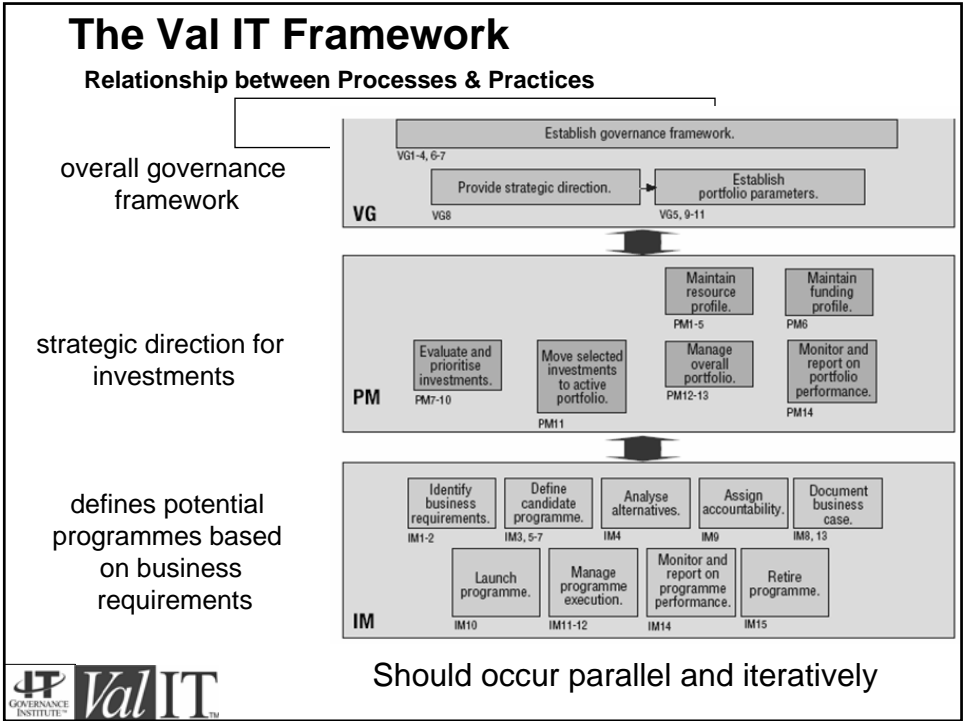


The Val IT Framework

Val IT Processes: Investment Management – Sample Practices

- IM2 – Develop an initial business case (benefits and assumptions)
- IM4 – Perform alternatives analysis (other ways to deliver the outcomes)
- IM6 – Develop a benefits realization plan (metrics and targets)
- IM7 – Identify full life cycle costs and benefits
- IM8 – Develop a detailed program business case
- IM9 – Assign accountability and ownership
- IM12 – Manage/ track benefits
- IM14 – Monitor and report on program performance
- IM15 – Retire the program (formal approval by sponsor)

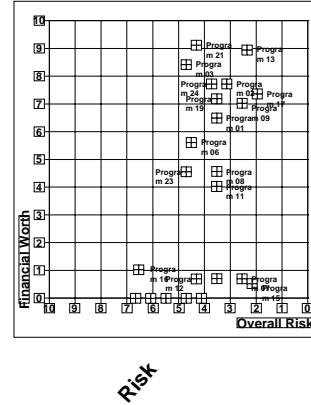




What is Portfolio Management

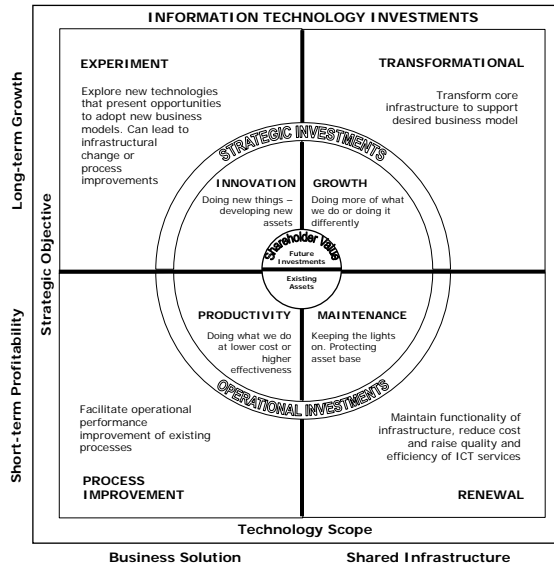
A set of processes that maximizes value by introducing:

- » Clear and complete understanding and definition of potential investments
- » Objective evaluation and selection of the highest potential value investments
 - Alignment with strategic goals
 - Measurable contribution to business outcomes
 - Acceptable level of risk
- » Proactive management of execution to deliver results

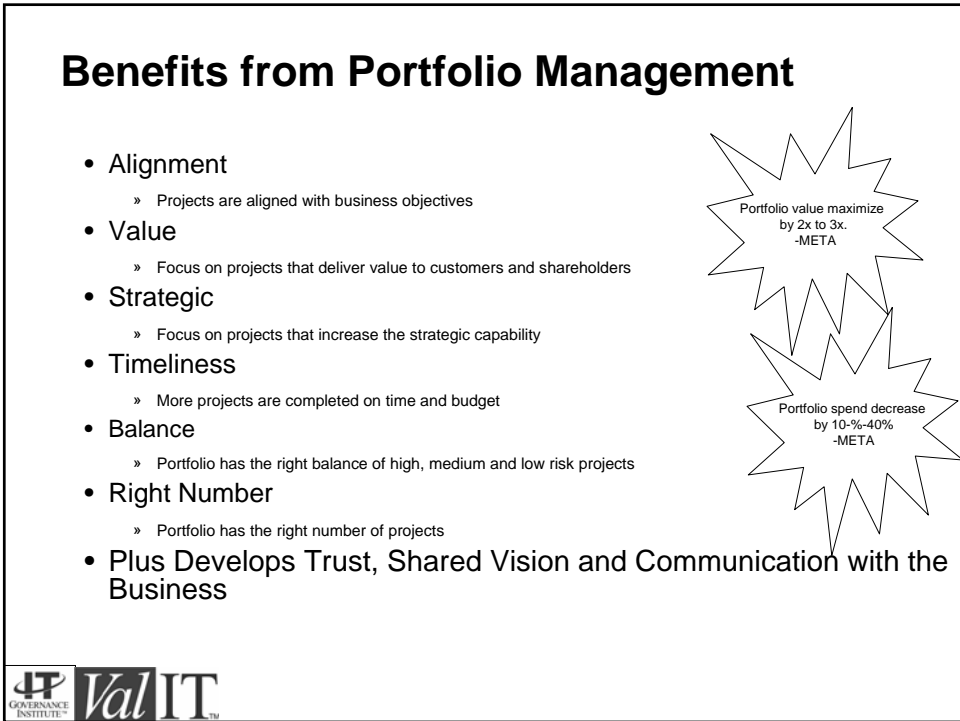
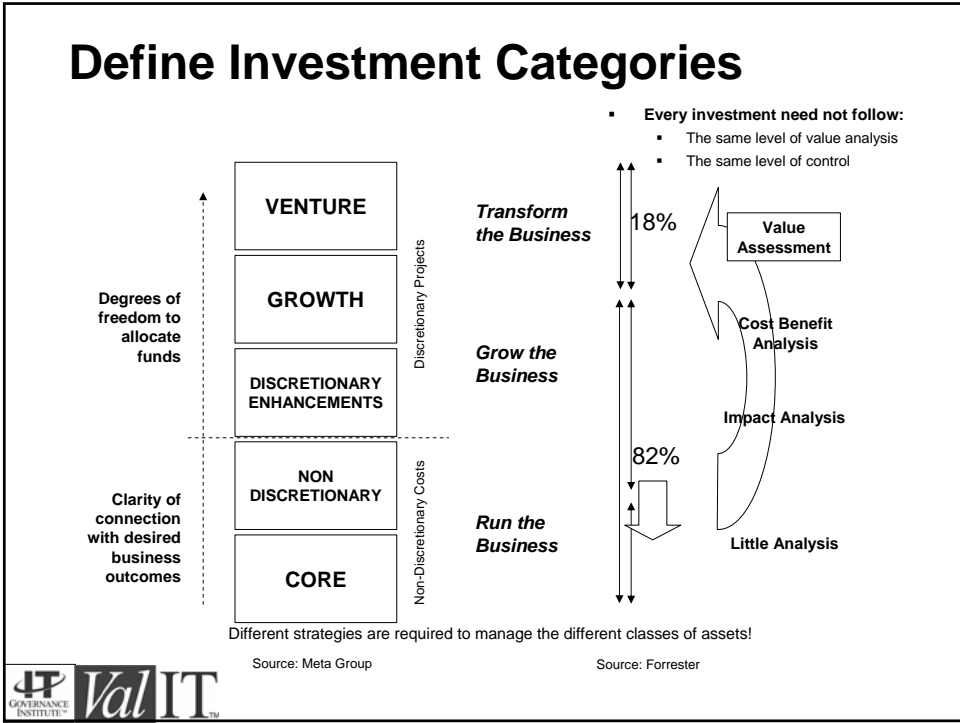


Strategic Investment Framework

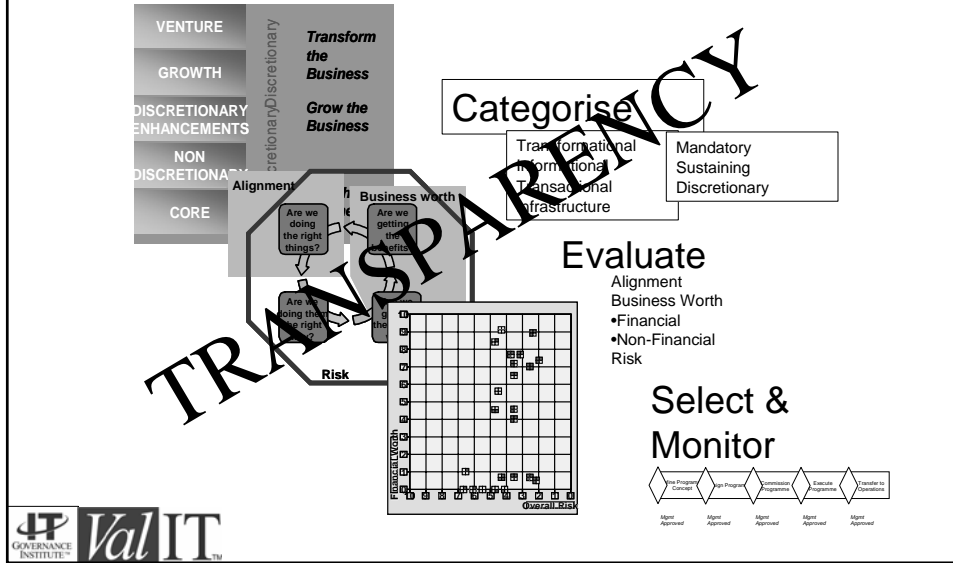
- 4 distinct type of IT Investment
 - » Transformation
 - » Renewal
 - » Process improvement
 - » Experiment
- Firm must in all 4 types of initiatives in order to address both short term profitability and long term survival and growth



Source: Beyond the Business Case Jenne Ross and Cynthia, 2001



Portfolio Management

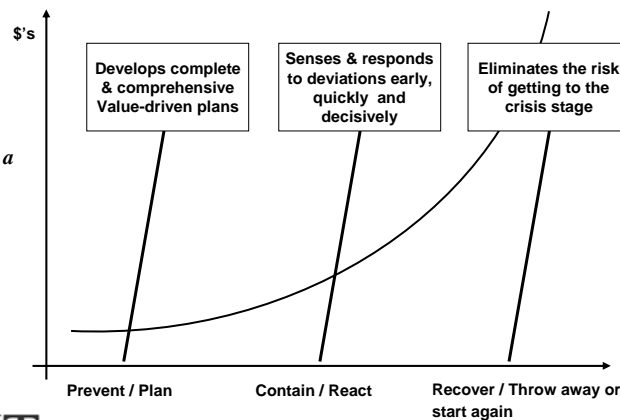


Getting ahead of the Curve!

Requires an Effective Full Cycle Governance Process that...

“How does a project get to be a year behind schedule? One day at a time.”

Fred Brooks

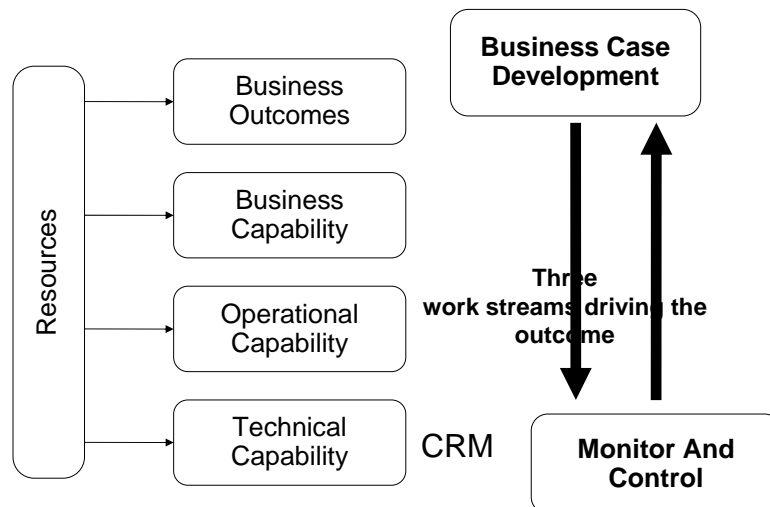


The ING Business Case

- The ING Business Case suggests that ING's success, in part, is due to its IT practices
- Globe Financial Service accompany Quoted in New York Exchange operated in 60 countries
- With Retail Banking Arm
 - » Shows superior Business performance in year 2006 with increased EPS 22.7%
 - » Profit Growth 19.4%
 - » Favorable Cost/Income ratio in Banking Business
 - » 15000 employees
 - » Euro \$ 1b in IT enable Investments
- Well practice IT Governance and Portfolio management of IT investment

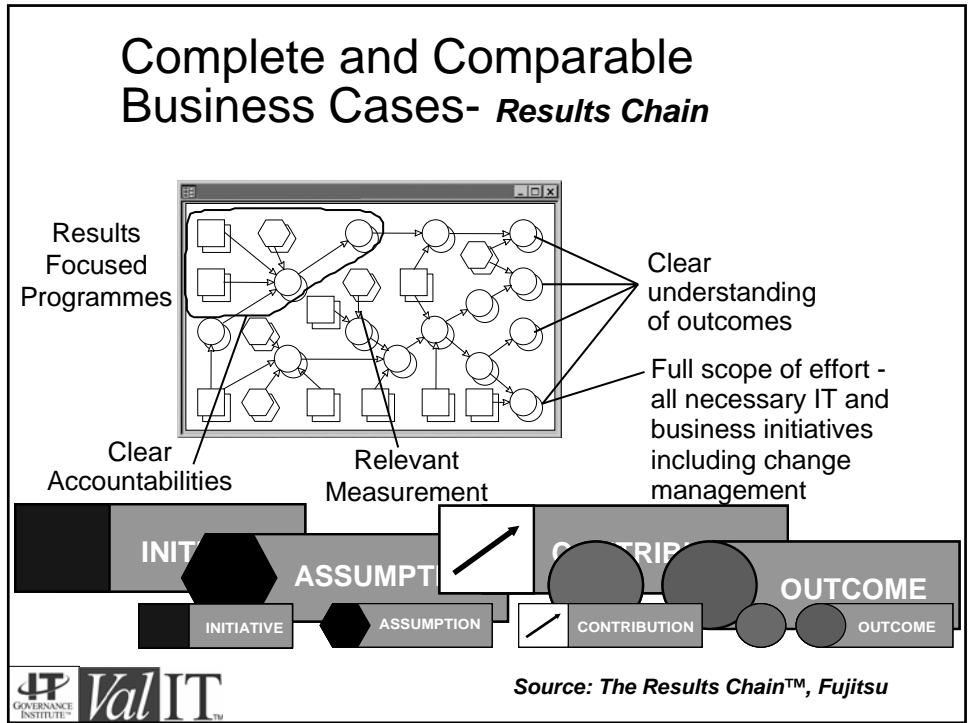


Val IT - The Business Case

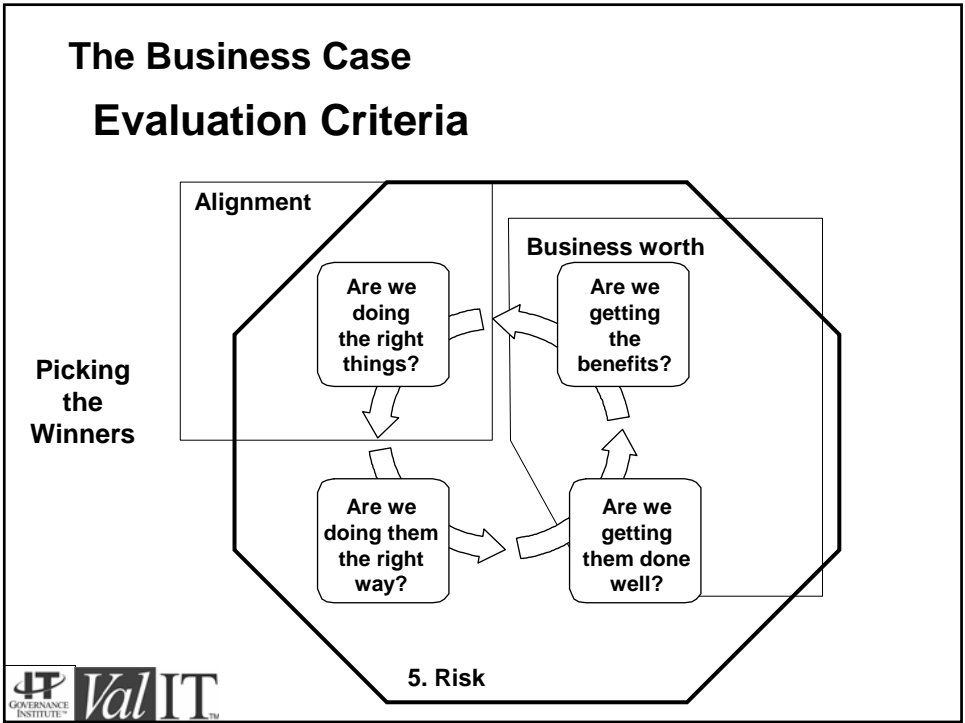
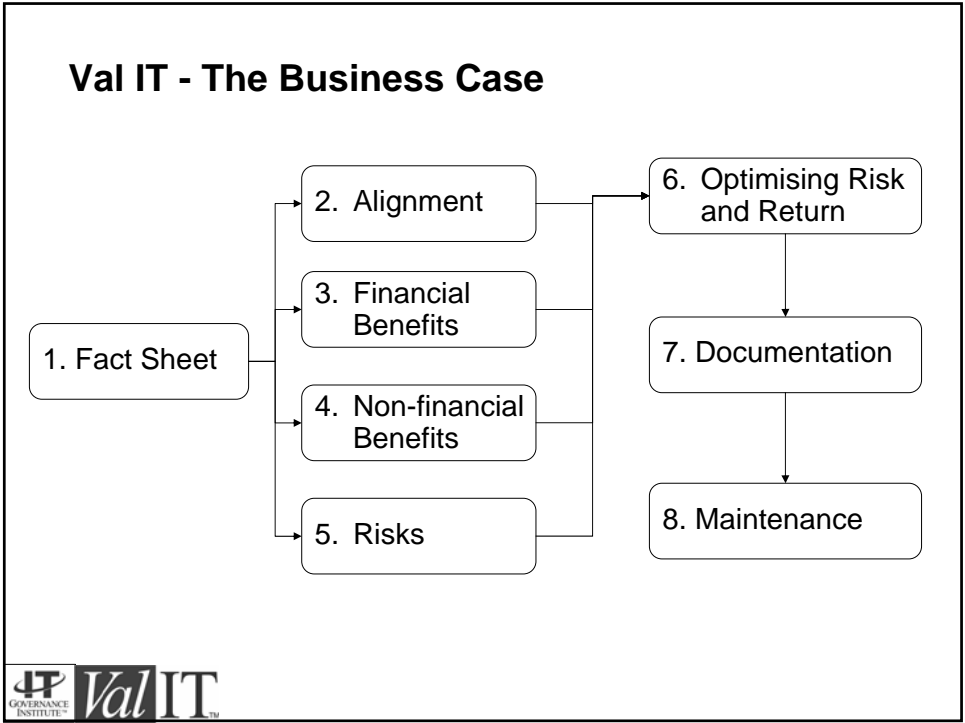


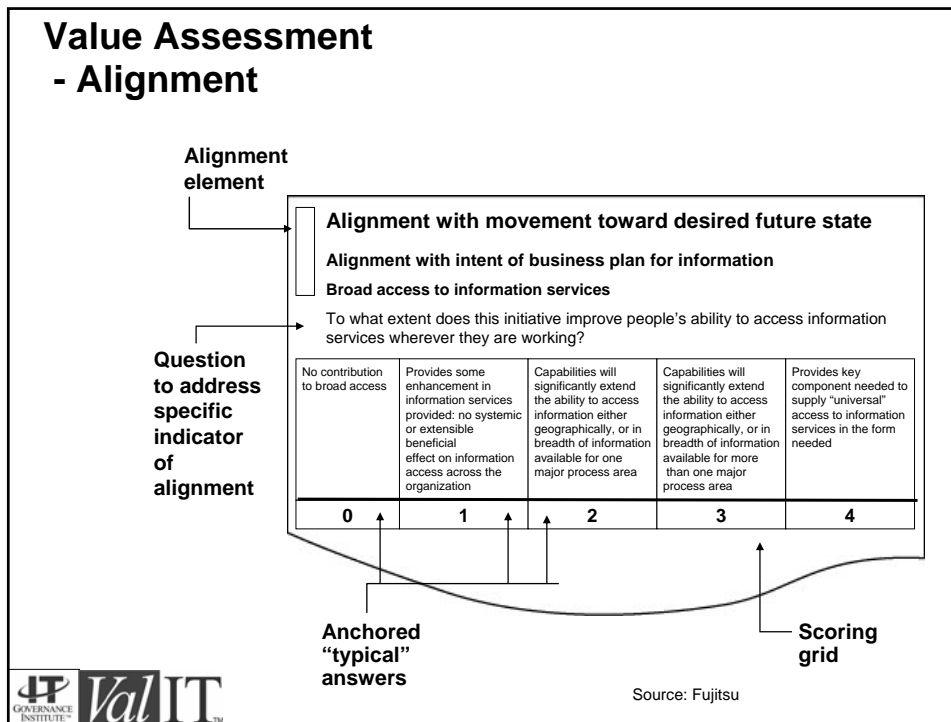
A 2006 Cranfield University School of Management study found that while 96 percent of respondents did develop business cases for most investments involving IT, 69 percent were not satisfied with the effectiveness of the practice.





- ## 7+1 Key Conditions for Activist Accountability
- Condition 1: Clear mandate and scope
 - Condition 2: Sufficient authority and latitude to act
 - Condition 3: Requisite competence
 - Condition 4: Commensurate resources
 - Condition 5: Clear lines of accountability
 - Condition 6: Understanding of rights and obligations
 - Condition 7: Relevant performance measures
- Plus... there must be acceptance of accountability**
- 4P** Val IT GOVERNANCE INSTITUTE™
- Source: *The Information Paradox*





Value Assessment – Business Worth

• Financial

- Value = (benefits-costs)*risk adjusted for time value of money, where
 - Benefits and costs are over the full economic life-cycle of the investment
- Many methodologies can be used to calculate and many “religious arguments” over what is the best way...key is to ensure completeness and consistency...look for same level of rigour on benefits and costs



• Non-financial

Types of Risk

- **Delivery risk**
 - Risk of not being able to deliver the required capabilities (functionality) on time and on budget

- **Benefits risk**
 - Risk of not being able to use the capabilities to realise and sustain the expected benefits

- **Project are approved only If the Hurdle rate can be met**






Value Assessment – Risk

Risk is the degree to which the program is susceptible to loss of potential value

Risk topic	Are the outcomes and benefits sought credible?											
	0	1	2	3	4	5	6	7	8	9	10	
Topic Scoring	Clarity of benefits How clear are the benefits from the program, and the logic for their derivation from project results?											
	Clear, specific benefits, derived directly through project results			Key benefits are specific and derived from project results through simple logic chain						Vague, broad benefits, derived through complex chain of transformations requiring project results		
	0	1	2	3	4	5	6	7	8	9	10	
Back-up Questions	Future State Definition How well defined is the desired future state implied by implementation of the program?											
Anchored "Typical" Answers	Clearly articulated target future business state			Concepts of desired future well understood						No clear picture of future business state		
	0	1	2	3	4	5	6	7	8	9	10	

Scoring grid Source: Fujitsu

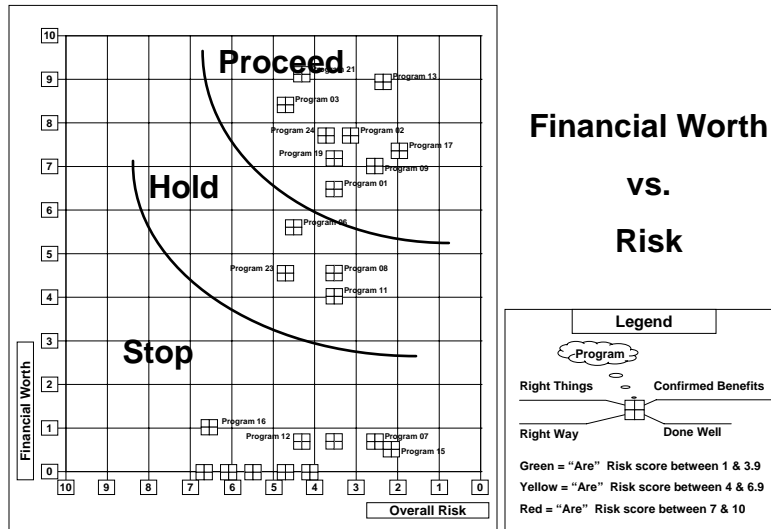
Val IT - The Business Case

Result of Analysis of Fact Sheet Data				Decision at Individual Programme Level
Calculated risk acceptable? (step 5)	Financial targets met? (step 3)	Non-financial benefits explicit? (step 4)	Strategic alignment? (step 2)	
N	—	—	—	Reject.
Y (factored into the required discount rate or in a risk premium)	Y	—	Y	Submit to portfolio prioritisation.
Y (by using a score—part of multiple criteria analysis)	Y	—	Y	Submit to portfolio prioritisation if hurdle excess as compared to risk score is acceptable.
Y	Y	—	N	Reject unless benefits are realised within a short term with no negative impact on strategically aligned investments.
Y	N	Y	Y	Submit to portfolio prioritisation if the value of the non-financial benefits is considered worth (at a minimum) the amount required to meet the financial targets. Quantification of the non-financial benefits should be pursued as far as reasonably possible.
Y	N	Y	N	Reject.
Y	N	N	Y	Reject.

Source: Fujitsu



Evaluate & Select (PM9-10)



Source: Fujitsu



Benefit Realization



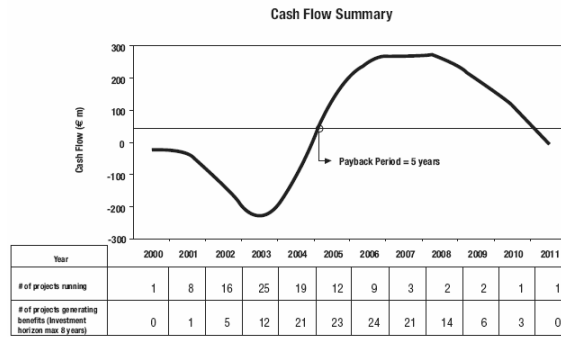
Manage/Track benefits

- » Benefit realization should be actively managed
- » From “Concept to cash”
- » Benefits
 - Project contributions mapped to Strategic Map – Results Chains
 - Complementary Initiatives fleshed out
 - Expected benefits articulated, with measures, targets, timescales, accountabilities
 - Measures baselines



Realizing the Benefits- S-curve

- Track the actual benefits achieved is important
- Ensure appropriate accountability



Benefits Register

Outcome	Metric / Frequency	Measurement Method	Baseline	Target Value	Profile	Tolerance Limit	Action if outside Tolerance	Accountability
Decreased Patient Transfers	No's of transfers/ 100 patients	Transfer Reports	5	40% reduction in 2010		+/- 10%	Examine Transfer reasons	
Increased Public Confidence in Health	Level of confidence / semi-annually	Public Opinion Survey	77%	90% increase by 2010		+/- 2%	Revisit communication plans	



Source: Fujitsu

Challenge Ahead



The Business Challenge

- » **Maximizing value and reducing risk made possible only through the effective IT governance approach that:**
 - Ensures clarity of, and accountability for the desired outcomes
 - Enables understanding of the full scope of effort
 - Breaks down the “silos” and “connects the dots”
 - Manage the full economic life-cycle
 - Senses and responds to changes and deviations

This is a significant leadership challenge, opportunity and responsibility!



Behavioural Change

- **Taking the Enterprise view**
 - » We thinking vs I thinking
 - » Collaboration vs. competition
 - » Program scope crosses “traditional” organizational management boundaries
- **Embracing shared visibility**
 - » Openness vs. “hidden agendas”
- **Program ownership**
 - » Activist accountability - “successful realization of a business outcome” vs. “delivery of a capability”
- **Learning to say and accept “no”**
 - » Management system worked vs. somebody “screwed up”
- **Willingness to change course**
 - » Managing “an uncertain journey to an uncertain destination” vs. “we don’t want to hear bad news”



Executive’s Dilemmas – Now Addressed !

- | | |
|---|---|
| <ul style="list-style-type: none"> • We do a good job of Project Management – But why don’t our projects succeed ? • How do we link our initiatives to strategic objectives and measure our performance ? | <p>Program
(Investment)
Management</p> |
| <ul style="list-style-type: none"> • How do we identify the most important initiatives ? • How do we allocate resources vs constraints ? | <p>Portfolio
Management</p> |
| <ul style="list-style-type: none"> • How do we simplify the investment approval process ? • How do we make our governance more effective | <p>Value
Governance</p> |



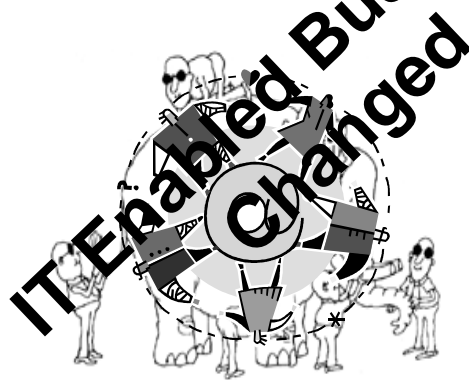
What does this mean to you?

- Delivering the IT capability is not enough
 - Value comes from how the business manages and uses IT
 - This increasingly requires significant organizational change
- Business engagement and accountability are essential
 - Business/IT partnership
 - Beyond IT Governance to Enterprise Value Management

You can make a difference!

“This time it’s different”.

*John Templeton Source unknown
A long time ago ...*



Critical Success factors revisited

- Recognizing the change that bring the VAL IT
- Strong and 'cascading' sponsorship
- Get joint business IT ownership
- Agree what value means
- Measure what is important and manage what you measure
- Be consistent but recognise one size does not fit all
- Ensure visibility, accountability and understanding
- Link measures visibly to business objectives
- Pick the right place to start
- Be a learning organisation



“It is not the strongest of the species that survives, nor the most intelligent. It is the one that is the most adaptable to change.”

Charles Darwin





Wrap and Questions



Thank You

