

Current issues in IT governance

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Abstract. Nowadays most of organizations of all sizes and sectors rely on information provided from IT to achieve their business goals. IT has a vital role to play on business performance. However, business may fail due to inefficient alignment of IT to business requirements. Organizations may do not focus on the integration among business strategy /IT strategy and clearly state business/IT collaboration in the organization. On the other hand, they focus on IT costs and related expenditures. These issues drive the need of IT governance which ensures IT functions are working efficiently to push towards business goals. IT governance practices aims to converting high cost of IT investments to a lucrative value business. Other practices such as corporate culture, accountability and recognizing/managing risks can be considered as good practices too. This discussion paper attempts to present some IT governance practices.

Keywords: IT governance, business culture, business strategy, IT expenditures, IT cost, accountability.

I. INTRODUCTION

Today the concept of IT governance has become an extremely important to immerse in enterprises. Dr. Reichental who is IT expert, explained that the workload for IT today outweighs the number of employees. Every member of staff who puts in requests to IT considers it to be high priority. Personnel aren't always aware of the volume of requests IT receives or that they are understaffed and cannot always fulfill the requests promptly. So when IT doesn't respond in a time the personnel see fit, they feel thwarted as if their requests has been ignored or set aside. This causes frustration and stress, and shows they have no direction. Employees and those seeking employment in the IT field will find work, however, the issues with the staffing and lack of direction from the employers reverberate the state of the field. This can work itself out, but the costs can hurts both the business and its employees (Reichental, 2011). That is why IT governance has emerged within business enterprises. IT governance ensures IT functions are working efficiently to push towards business goals. As Schwartz defines IT governance "Simply put, it's putting structure around how organizations align IT strategy with business strategy, ensuring that companies stay on track to achieve their strategies and goals, and implementing good ways to measure IT's performance. It makes sure that all stakeholders' interests are taken into account and that processes provide measurable results. An IT governance framework should answer some key questions, such as how the IT department is functioning overall, what key metrics management needs and what return IT is giving back to the business from the investment it's making" (Schwartz , 2007).

II. IT GOVERNANCE PRACTICES

Accenture, which is a global management consulting technology services and outsourcing company, explained its view on new technologies and business cost reduction opportunities. It pointed out that the last few years' businesses have been forced to prioritize cost reduction due to economic shock to Arab Spring. Current industry practices have been to bring in CIO'S. Their agenda is to reduce costs and increase productivity, and flexibility of business operations and services. While balancing IT cost regulation and business goals through IT investments is also taken into account. Accenture recommended four waves of IT cost reduction: First, they bring in CIO'S who prioritize IT expenditure reduction by reviewing license and procurement spending, reducing supplier expenses, and make IT operations smooth through assessing service level agreements. Second, is work on developing IT efficiency: IT can use a range of proposals to allow IT efficiency with virtualizing, consolidation, merge and assimilate servers, databases, and outsource the applications to eradicate complication. The third one is to redesign IT to assimilate their infrastructure to make it more efficient. This helps to adapt to changes the business may face in future. The

final wave is to push IT productivity by using the first three waves. The CIO'S keep in mind the business goals as well as IT functions to shrink cost. ("It cost reduction;," 2008).

Simply staying in business requires that a great deal of a company's budget be allocated for IT expenditure can be a conversational issue. However, some companies spending too much money on IT, noting that vendors have become very savvy when it comes to parceling out new features and capabilities in a manner that force companies to buy new applications, networking equipment and computers more often than is needed. IT buyers should take a stand against this, and suggests negotiating to ensure longevity regarding PC investments and enforcing strict limits on upgrade costs. Many companies can realize significant savings by reducing unnecessary spending and exploring alternative methods (Carr, 2003). We believe this fact if we consider help desk staff positions. There is a high rate of turn over for help desk staff, and that adds up to high costs for training the staff, as well as pending to recruit new employees. To reduce these costs, companies can outsource help desk to third party, who are responsible for training and recruiting costs. This is proven by citing static result of 7500 large U.S. companies, shows that 25 campiness which had high revenue, they spent only 0.8% on IT expenditures while typical company spend more than the double amount of the revenue percentage. Successful executives are being more stingy with their IT spending and thinking more realistically. In addition, Carr believes that a smart strategy for spending IT dollars is to postpone investments until your competitors purchase the new technology. Delaying your investments usually will benefit your company because this allows for standards and best practices to take shape. For example, one would be wise to delay investments as Dell and Walmart are noted for doing. Also the most successful companies are not overly eager to seek glamorous advantage before considering the costs and risks for IT management. From a practical point of view, a valuable lesson can be learned from previous infrastructural technologies. For example, when a resource is vital to competition, yet insignificant to strategy, the potential risks it may pose are more important than possible advantages. Therefore, it is paramount that risks within the company are identified, as well as staying pro-active regarding vulnerabilities (Carr, 2003).

The other practice should be utilized to ensure that IT governance works is to make a strong connection between the people who are in charge for management role such as executives and senior managers to IT. The researchers Weill and Ross at CISR (Center for Information System Research) emphasize that senior management involvement is an important and they identified this as one of the ten principles of IT governance. They consider the senior manager contribution (such as approval process and participation in the committees) as addition to their normal tasks. They also listed an example of MPS-Scotland Yard, Metropolitan Police Service is the largest of the police services that operate in UK, which involves those groups that are at the highest level of the organization to cooperate with IT governance to improve it and to get coherence advantage across all organization operations. Moreover, they discussed which kinds of decisions that senior management should be get involved in. They are required to be concern with strategic decision. However, if the exception decision has strategic consequence, then it should be moved the task up to the CEO(Ross & Weill, 2004).

However, the responsibility and accountability should be laid down. As Ross and Weill mentioned that responsibilities of designing and implement IT governance must be delegated to the right group/person is essential to IT governance performance. They also recommend three issues should be taken into account to conduct this process. First, to design IT governance you have to consider that IT governance has offers more value when it is viewed widely all organization elements, assets /individuals than in isolation. Second, to implement IT governance you have to involve the senior managers. Final issue is to understand well what technology you own is and what is not capable (Ross & Weill, 2004).

III. CONCLUSION

I am going to conclude this paper by emphasizing the important issues that affect IT governance as Schwartz pointed them out. First, strategic alignment: A strong communications with business executives and IT leaders starting from the planning process of the project. Next, value delivery: IT leaders have to keep in mind and track the outcomes of a company's ongoing operations and make sure they achieve company's objectives. Also, Assets management: handling resources more effectively. The third is risk management: IT has to control and reduce threats that a company subject to. Finally, performance measures: Schwartz explained it as "Putting structure around measuring business performance. One popular method involves instituting an IT Balanced Scorecard, which examines where IT makes a contribution in terms of achieving business goals, being a responsible user of resources and developing people. It uses both qualitative and quantitative measures to get those answers" (Schwartz , 2007).

On the whole, IT governance practices aims to converting high cost of IT investments to a lucrative value business. Other practices such as corporate culture and recognizing/managing risks can be considered as good practices too.

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