

White Paper

The Global Currency of COBIT®

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Mike is a respected technology professional with nearly 20 years experience, having held senior manager positions in Information Technology, Communications and Consulting.

Over his career he has managed a vast number of Telecoms, IT, Business and Consulting projects and programmes, and the associated global cross functional teams, with a strong track record of results. Mike is a specialist in many aspects of information technology, including infrastructure, architecture, systems development, business processes, service management, policies and standards, leadership, governance and management.

Never, in the dynamic, inevitable globalization of the world of information technology, has there been a time more pressing, more demanding and more opportunistic than the current. Whether it's markets crashing, enterprises collapsing, companies merging, exchange rates plummeting or technology revolutionizing – behind every decision, every action and every reaction, lies a common denominator – information. Creating it, translating it, storing it, managing it, measuring it, trading it, from one country to the next, it comes as no surprise that information has become known as the currency of the 21st century. It has simply become more and more difficult to extract value from the Information Chaos we see all around us.

So it makes sense that with information at the core of communication between people, between systems, between businesses, between countries and the world over, comes the need for a consistent, standardized, best practice based means to control it. Just as any government has in place essential exchange controls for movements of their currency around the globe, so too has it become essential, critical for a globally recognized means to control information and the technologies that empower it.

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Currency Definitions

- A system of money in general use in a particular country or union.
- The fact or quality of being generally accepted or in use.

www.oxforddictionaries.com/us/definition/american_english/currency

The question is then simply, is there such a practical and available means which is universally accepted, a global currency of sorts, which can be used by a multitude of stakeholders in any organization anywhere in the world? An available means to govern and manage their information and technology, their Enterprise IT, to reduce risk, drive business value and enable the achievement of business goals and objectives? There is arguably only one answer, COBIT.

COBIT: Value for your Enterprise

Perhaps your business information technology landscape is a typical one, using a little bit of this and that mixed together. Some might say in that scenario that “we use a best of breed strategy” when it comes to our Enterprise IT, not only in terms of selecting the technologies used but also in terms of how the information and technology is governed and managed. Isn't that a little like using multiple currencies to buy the same goods? But what if there was a single currency you could use, a global currency, delivering an integrated framework of globally accepted principles, practices, analytical tools and models to not only shape the governance and management of Enterprise IT in your business, but that optimizes your investment in information and technology for the benefit of all stakeholders. Well, there is such a global currency, The Global Currency of COBIT.

In every industry in every business around the world, as one cannot survive without money, information and technology are critical to the current and future long term competitive advantage and sustainability of the Enterprise. In fact, one may argue, that information and technology are the most critical resources on which the contemporary Enterprise is dependent for achieving its mission and ultimately delivering on its vision.

COBIT, in many contexts, is therefore a global currency, one which every Enterprise should have in its wallet as it takes on the challenge to be more effective and efficient in the use of its information and technology resources to produce products or services, create value and compete in a highly competitive, global world.

But what is it exactly, why should you choose it and how will it help?

Let's start with the original definition. COBIT stands for Control Objectives for Information and related Technology. Originally conceptualized with a focus on Auditing in the area of Information Technology in 1996, its scope has evolved over the years moving through foci of Control Objectives, Management Guidelines, and IT Governance to current day, where, in its latest release, COBIT 5.0 of 2012, the scope and focus is on holistic Governance and Management of Enterprise IT.

The ISACA Definition of COBIT 5 is therefore – “A Business Framework for the Governance and Management of Enterprise IT.” (ISACA 2012)

“COBIT 5 provides a comprehensive, holistic framework that helps enterprises to achieve their goals and deliver value through effective governance and management of enterprise IT.” . (ISACA 2012, 5) The framework includes Governance of Enterprise IT (GEIT), Principles, Enablers, Processes, Practices and Activities, Goals and Metrics, Inputs and Outputs, RACI Charts and Process Capability Assessments.

In other words, COBIT 5 aids enterprises of any size, at any time in their organizational lifecycle, to create and deliver the most value from their investments in information and technology, by managing and maintaining a balance between realizing benefits, acceptable risk levels and resource utilization in an ever changing world. So whether you're a new start-up out of Silicon Valley in the United States of America, a mid-size business in a downturn in Beijing, China, or a corporate powerhouse in a stable and mature market, based out of Reading, in the United Kingdom... COBIT is the currency you need. And whilst the notion of currency may conjure an image of an Enterprise focused on profits, COBIT 5 and everything within is in contrast wholly generic. It is applicable, usable, and useful in all types of organizations, be they commercial or for profit, private, public sector, not for profit or any other type in existence.

And remember, COBIT 5 is not just something for the internal IT Department or function, it's all information and technology used anywhere within and around the entire Enterprise environment, by anyone. COBIT 5 is for the entire Enterprise, and incorporates the information and technology interests of all internal and external stakeholders. In today's modern world, information is everywhere, and with it comes a plethora of technology devices which makes even the advances of the 1990s seem a legacy of yesteryear. Even recent catch phrases like Fabric and Bring your Own Device (BYOD) are destined to be replaced by the next best thing. There is no doubt that information and technology have become pervasive in every aspect of our lives, from wake to sleep, both personal and business. Not only is this trend set to continue, exponentially, but the line between business and personal life both in terms of information and technology is becoming increasingly blurred.

Delivering sustained value is a monumental challenge under any circumstances, and without governance and management, an inevitable failure in the making. That's why, with the release of COBIT 5 the focus shifted to the holistic and integrated governance and management of information and technology resources, by way of an effective governance and management framework. COBIT 5 builds and expands on COBIT 4.1 by integrating other major frameworks, standards and resources, including ISACA's Val IT and Risk IT, Information Technology Infrastructure Library (ITIL®) and related standards from the International Organization for Standardization (ISO) like ISO 38500:2008 Corporate Governance of IT. COBIT 5 also aligns itself at a high level with existing frameworks such as TOGAF®, PMBOK® and PRINCE 2® which makes it an umbrella for governance and management.

Five Principles

What COBIT 5 does so efficiently and effectively is define and bring together five principles that allow the enterprise to build an effective governance and management framework based on a holistic set of seven enablers, five domains and 37 processes that optimizes information and technology investment and use for the benefit of all stakeholders.

Principle 1: Meeting Stakeholder Needs

Stakeholders need value to be created by the Enterprise. Value to the stakeholder and the Enterprise means realizing benefits, with optimal risk and cost of resourcing. To meet these expectations, it is essential for an organization to have an Enterprise Governance objective of value creation.

Principle 2: Covering the Enterprise End-to-end

Governance of enterprise IT (GEIT) is an integral part of enterprise governance, and needs to encompass the entire Enterprise end-to-end. The GEIT extends to all functions in the organization, where IT is present, therefore covering the Enterprise integrally and holistically.

Principle 3: Applying a Single Integrated Framework

there are a multitude of standards and frameworks used by enterprises today: COSO; COSO ERM; ISO/IEC 9000; ISO/IEC 31000; ISO/IEC 38500; ITIL, ISO/IEC 27000 series; TOGAF; PMBOK/PRINCE2 and CMMI. COBIT 5 aims to provide a single integrated framework for governance and management of Enterprise



Figure 1 (COBIT® 5, © 2012 ISACA® All rights reserved)

IT, spanning all IT activities in the organization and aligned to industry best practices, standards and frameworks.

Principle 4: Enabling a Holistic Approach

By identifying enablers across the organization as a whole, COBIT ensures a holistic and effective approach to the governance and management of Enterprise IT. It is these seven Enablers which together help and empower the Enterprise to achieve its goals.

7 Enablers

- **Principles, policies and frameworks** provide practical guidance for day-to-day management and tasks, and inform the required behavior across the organization.
- **Processes** define how to translate inputs into outputs required by the Enterprise, to perform its organizational tasks and activities in a standardized manner, and to help the achievement of IT and Enterprise goals.
- **Organizational structures** bring together the other enablers in a form that enables the organization to deliver on its strategies, co-ordinate and manage its resources, and facilitate decision making across the Enterprise.
- **Culture, ethics and behavior** of the organization's employees, and the entity itself, are critical success factors for the sustainable governance and management of Enterprise IT and the creation of value.

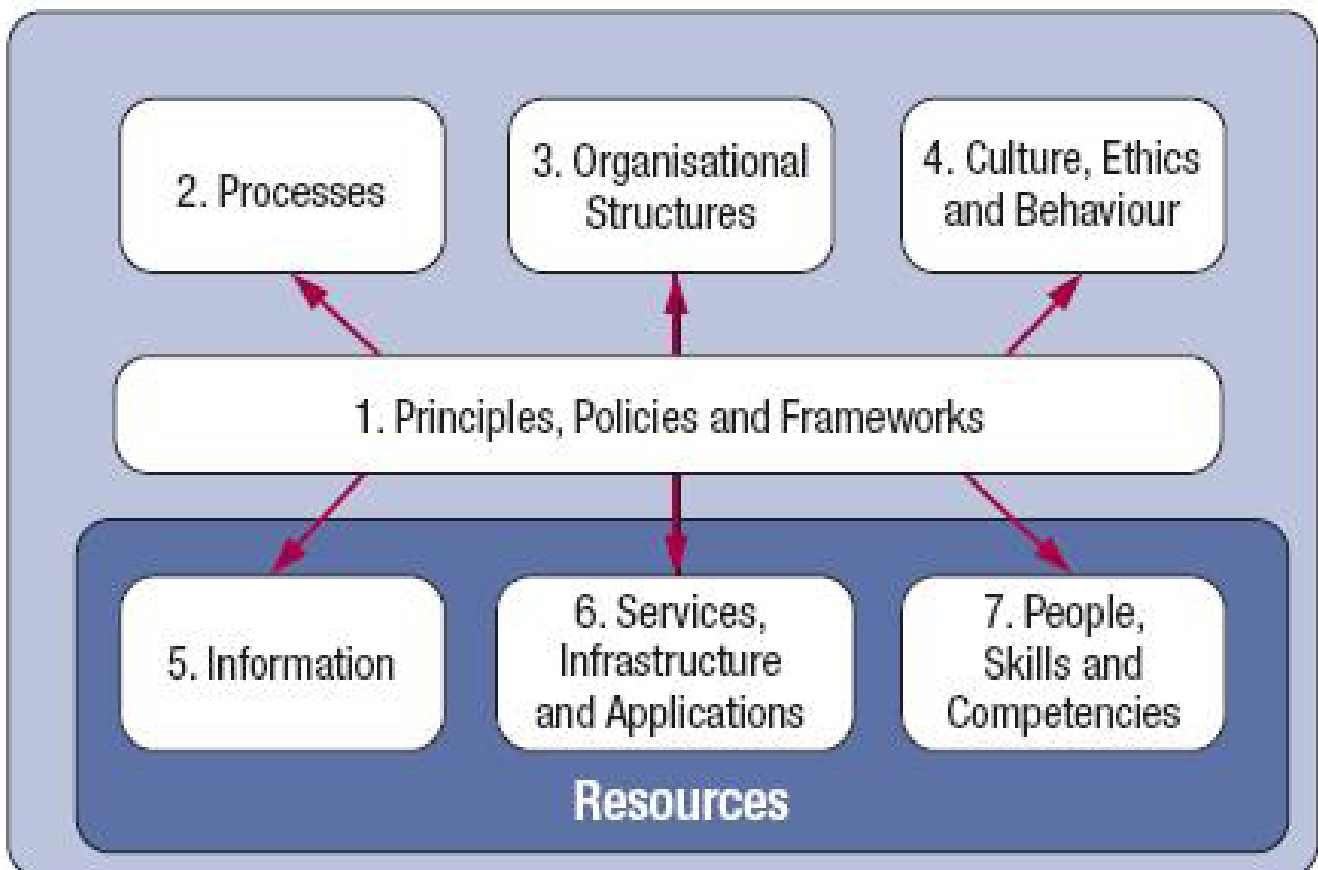


Figure 2 (COBIT® 5, © 2012 ISACA® All rights reserved)

- **Information** is often referred to as the lifeblood of the organization, running through all its veins, and essential for the effective and efficient operation, management and governance of the Enterprise.
- **Services, infrastructure and applications** provide the layers of technology and information required by the Enterprise.
- **People, skills and competencies** are vital in every Enterprise, providing the human capital required to produce the Enterprise's products/services, make effective decisions and taking any corrective actions necessary.

Principle 5: Separating Governance from Management

Governance and management are not one in the same discipline. The purpose, objectives, activities and organizational structure of each is unique, and distinct from the other. As such COBIT clearly separates governance from management in its framework.

Governance forms an integral part of the overall Corporate or Organizational governance of the business which essentially ensures the business achieves what it set out to do, in the way that it was meant to do it. In COBIT 5, governance ensures that enterprise objectives are achieved by evaluating stakeholder needs, conditions and options; setting direction through prioritization and decision making; and monitoring performance, compliance and progress against agreed-on direction and objectives.

Evaluate Direct Monitor (EDM) - contains five processes, and within each process, evaluate, direct and monitor practices are defined.

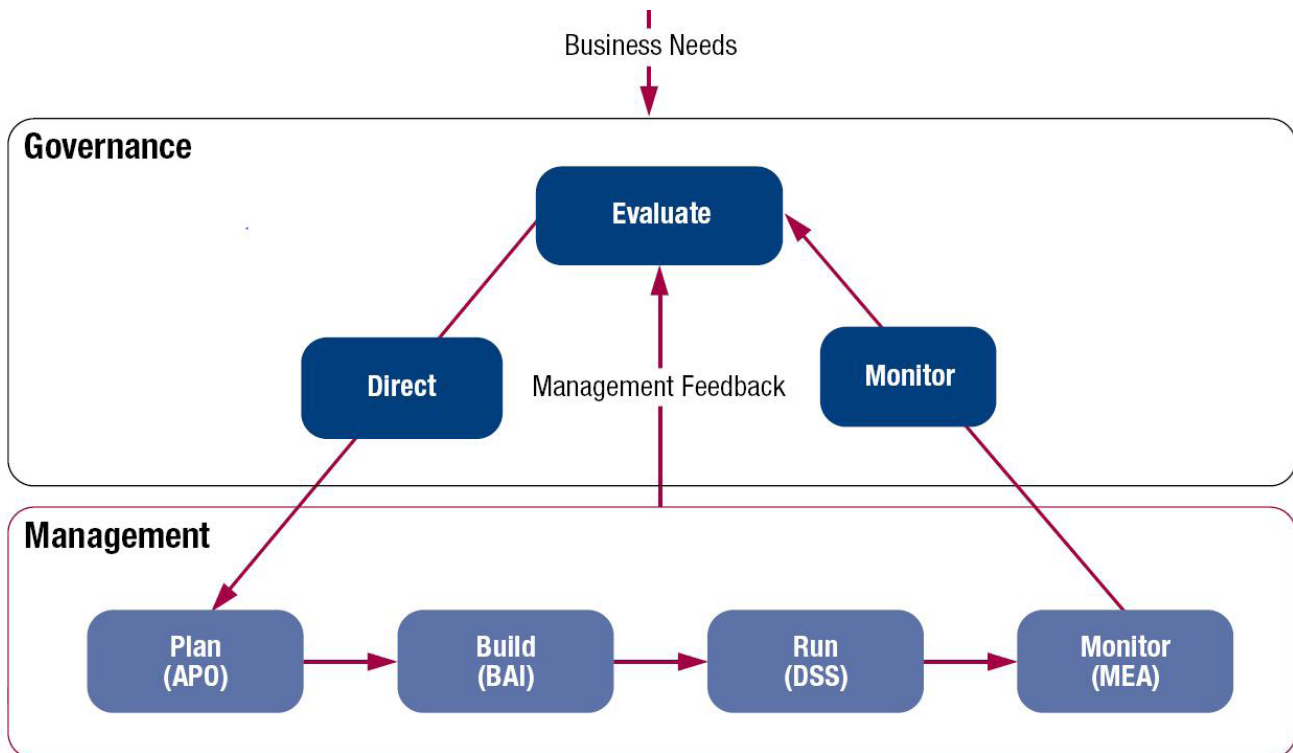


Figure 3 (COBIT® 5, © 2012 ISACA® All rights reserved)

Management forms an integral part of the Strategic Management of the Enterprise, which is responsible for setting long term organizational goals, and translating these into tactical and short-term goals and objectives. In COBIT 5, management **plans, builds, runs and monitors** activities in alignment with the direction set by the governance body to achieve the enterprise objectives. The responsibility areas of plan, build, run and monitor each have their own focus:

- **Align Plan and Organize (APO)** – represents the Plan domain within Plan, Build, Run, Monitor (PBRM) and focuses on the use of information & technology and how best it can be used to achieve a company's goals and objectives. It also highlights the organizational and infrastructural form IT is to take in order to achieve the optimal results and to generate the most benefits from the use of IT.
- **Build Acquire and Implement (BAI)** – represents the Build domain within Plan, Build, Run, Monitor (PBRM) and focuses on identifying IT requirements, acquiring the technology, and implementing it within the company's current business processes.
- **Deliver Service and Support (DSS)** - represents the Run domain within Plan, Build, Run, Monitor (PBRM) and focuses on the delivery aspects of the information technology. It covers areas such as the execution of the applications within the IT system and its results, as well as the support processes that enable the effective and efficient execution of these IT systems.
- **Monitor Evaluate and Assess (MEA)** – represents the Monitor domain within Plan, Build, Run, Monitor (PBRM) and focuses on a company's strategy in assessing the needs of the company and whether or not the current Enterprise IT meets the objectives for which it was designed and the controls necessary to comply with regulatory requirements. Monitoring also covers the issue of an independent assessment of the effectiveness of IT systems in its ability to meet business objectives and the company's control processes by internal and external auditors.

And right at the core of COBIT is the **Process Reference Model**, containing 37 processes across these Governance and Management Domains.

Processes for Governance of Enterprise IT

Evaluate, Direct and Monitor

EDM01 Ensure Governance Framework Setting and Maintenance

EDM02 Ensure Benefits Delivery

EDM03 Ensure Risk Optimisation

EDM04 Ensure Resource Optimisation

EDM05 Ensure Stakeholder Transparency

Align, Plan and Organise

AP001 Manage the IT Management Framework

AP002 Manage Strategy

AP003 Manage Enterprise Architecture

AP004 Manage Innovation

AP005 Manage Portfolio

AP006 Manage Budget and Costs

AP007 Manage Human Resources

AP008 Manage Relationships

AP009 Manage Service Agreements

AP010 Manage Suppliers

AP011 Manage Quality

AP012 Manage Risk

AP013 Manage Security

Build, Acquire and Implement

BAI01 Manage Programmes and Projects

BAI02 Manage Requirements Definition

BAI03 Manage Solutions Identification and Build

BAI04 Manage Availability and Capacity

BAI05 Manage Organisational Change Enablement

BAI06 Manage Changes

BAI07 Manage Change Acceptance and Transitioning

BAI08 Manage Knowledge

BAI09 Manage Assets

BAI10 Manage Configuration

Deliver, Service and Support

DSS01 Manage Operations

DSS02 Manage Service Requests and Incidents

DSS03 Manage Problems

DSS04 Manage Continuity

DSS05 Manage Security Services

DSS06 Manage Business Process Controls

Monitor, Evaluate and Assess

MEA01 Monitor, Evaluate and Assess Performance and Conformance

MEA02 Monitor, Evaluate and Assess the System of Internal Control

MEA03 Monitor, Evaluate and Assess Compliance With External Requirements

Processes for Management of Enterprise IT

Figure 4 (COBIT® 5, © 2012 ISACA® All rights reserved)

Without doubt, COBIT 5 is the most comprehensive, practical, generally accepted and in use framework focused on governance and management of Enterprise IT, helping organizations to realize significant benefits, including the ability to -

- Simplify Complex Standards
- Provide quality information for Effective Enterprise Decision making
- Govern and Manage Information
- Maximize Trust in and Value from Information and Technology systems and investments, for internal and external stakeholders
- Maintain high-quality information to support business decisions
- Achieve strategic goals and realize business benefits through the effective and innovative use of IT
- Achieve operational excellence through reliable, efficient application of technology
- Maintain an acceptable level of IT-related risk
- Optimize the cost of IT services and technology
- Support compliance with relevant laws, regulations, contractual agreements and policies
- Have in place a global, universally accepted benchmark and intangible asset for the governance and management of Enterprise IT.

Conclusion

Whilst few would disagree that having suitable governance and management in place for Information Technology is necessary, perhaps conversely only those that have embraced and implemented COBIT 5 practices and guidance within their organizations would truly understand it's real value to the Enterprise, it's currency.

And that said, the notion of COBIT being a currency extends not only to being externally relevant and empowering, in a global world of information and technology, but equally internally and externally to the Enterprise and all stakeholders – be they management, employees, customers, partners, suppliers or any interested party. Successful COBIT implementations in practice create and deliver substantial value, being both of intrinsic value, and enabling the capability for the creation of continuous value on a sustainable basis.

In days gone by, be it programming or technology communication, there was always talk of a 'common language', but nowadays one would be more likely to find such references confined to people management and cultural diversity. In recent years, the failures of the likes of Enron and others were more likely to prompt a conversation on Governance and Management in the corporate context, and how to avoid making the same mistakes and learning and implementing lessons for that.

So times have changed, perhaps a pending paradigm shift, where in fact the lessons learned of yesterday and the thought leadership of the future are in fact being turned into intangible value in various forms. And COBIT 5 is an example of just that, a form of Governance and Management of Enterprise information and technology, of such value in our Global world, which although inert, can quite aptly and confidently be called The Global Currency of COBIT.

And like any currency, it is what you do with it that counts, but having made a decision to go with COBIT 5 for management and governance of your Enterprise IT, you probably have all the spending power you need to generate optimal stakeholder value – the wise choice has been made, now use it wisely.

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