

White Paper

The COBIT Enterprise: Decision to Implementation

WP0137 | March 2014



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The last decade has seen a rapid increase in the focus of organizations on Enterprise Governance. For most contemporary organizations, Governance is no longer an afterthought, or viewed simply as a means for compliance. Today, Enterprise Governance is at the forefront of an organization's Strategic Direction, and a key element in all phases of Strategic Management – Planning, Implementation and Control.

Perhaps the most adequate and articulate definition of Enterprise Governance is from the Chartered Institute of Management Accountants (CIMA), who state that it is:

'The set of responsibilities and practices exercised by the board and executive management with the goal of providing strategic direction, ensuring that objectives are achieved, ascertaining that risks are managed appropriately and verifying that the organisation's resources are used responsibly.'

(CIMA Official Terminology)

So with Enterprise Governance providing Strategic Direction to the 21st century organization, and Information Technology (IT) at the core of the enterprise's ability to execute on its strategies, it was to be expected that the focus on Enterprise Governance would extend to encompass the functions of the Enterprise. Functions like Human Resources, Finance, Operations and specifically Information Technology, now all require their own governance spokes in the wheel of Enterprise Governance which extended across the depth and breadth of the Enterprise. IT

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Governance, as with the other functional areas, became both a subset and integral part of Enterprise Governance and inevitably the organization's success.

This emergence of Enterprise Governance, and IT Governance in its own right, not only strengthens the need for clear answers to the age old question 'How do Enterprises realize the most benefit and value from their investments in information technology?', it also asks a new question - 'What role does IT Governance play in this realization and how do we implement it in our Enterprise?'

The Drive to Implementation

Let's first consider the definition of IT Governance from the IT Governance Institute (ITGI) -

"The responsibility of executives and the board of directors consists of the leadership, organizational structures and processes that ensure that the enterprise's IT sustains and extends the organization's strategies and objectives."

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From the aforementioned definitions of IT Governance and Enterprise Governance, there is a clear need and responsibility on senior management in every Enterprise to decide on and implement a suitable framework for IT Governance. This decision is as critical as it is essential

You might well then ask "But is Governance enough, what about management?", and "How do we get from Enterprise to IT?" You may have read Weill's contrast of IT Governance to Management:

"IT governance is not about what specific decisions are made. That is management. Rather, governance is about systematically determining who makes each type of decision (a decision right), who has input to a decision (an input right) and how these people (or groups) are held accountable for their role. Good IT governance draws on corporate governance principles to manage and use IT to achieve corporate performance goals."

(Peter Weill)

You may have even noted COBIT **Principle 5: Separating Governance from Management** which highlights the clear distinction between governance and management in the COBIT 5 framework, with each discipline serving its own purpose, fundamentally different from the other, or **Principle 1: Meeting Stakeholder Needs** which highlights the importance and necessity of having a Governance Objective for value creation, to ensure benefits are realized, and risks and resources are optimized in line with stakeholder expectations.

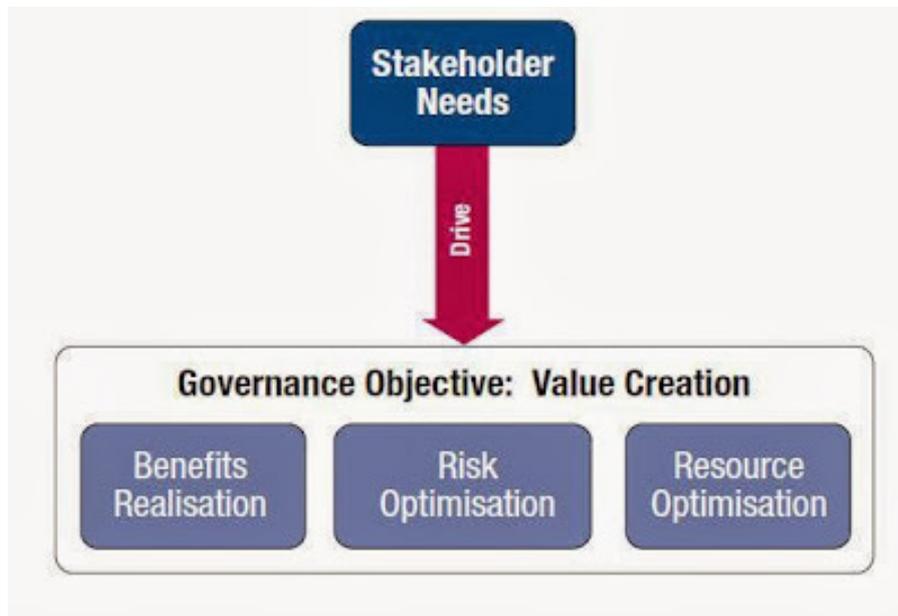


Figure 1 (COBIT® 5, © 2012 ISACA® All rights reserved)

The simple truth is that IT Governance and Management, together, play a crucial role in helping organizations achieve their IT-related and Enterprise Goals, and in so doing, realize optimal benefits and value from their investment in IT. It is the COBIT 5 goals cascade which translates stakeholder needs into these Enterprise goals, IT-related goals and enabler goals, and the COBIT 5 framework which defines and brings together the five key principles that allow the Enterprise to build an efficient and effective, integrated governance and management framework.



**Figure 2 Goals Cascade (COBIT® 5, © 2012 ISACA®
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It is for good reason, therefore, that COBIT 5 is considered the most generally accepted and widely used framework focused on both governance and management of Enterprise IT. It is arguably the most comprehensive and practical, and has the ability to help Enterprises optimize resources, optimize risk and realize benefits such as:

- 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.

If like many organizations around the world, after compelling research into all available options, the decision has been made to go with Cobit 5 for Governance and Management of your Enterprise IT, your next step will be its implementation. Implementing Cobit 5 however, should not be left to chance, and requires sound planning and execution to ensure its success. The guidance below is aimed at helping your Enterprise by outlining the phases to go through as you embark on the implementation of COBIT 5.

So where to start? Bringing the Governance and Management of Enterprise IT into an organization, or at the very least formalizing it, means change. And with any change, comes fear, anxiety, and resistance – your COBIT 5 implementation will be no different. Managing change will in all likelihood be one of the biggest challenges you and your organization will face but it must be embraced. Focusing on change from the outset, driving a positive change attitude, and getting broad-based buy-in from internal and external stakeholders are therefore critical success factors.

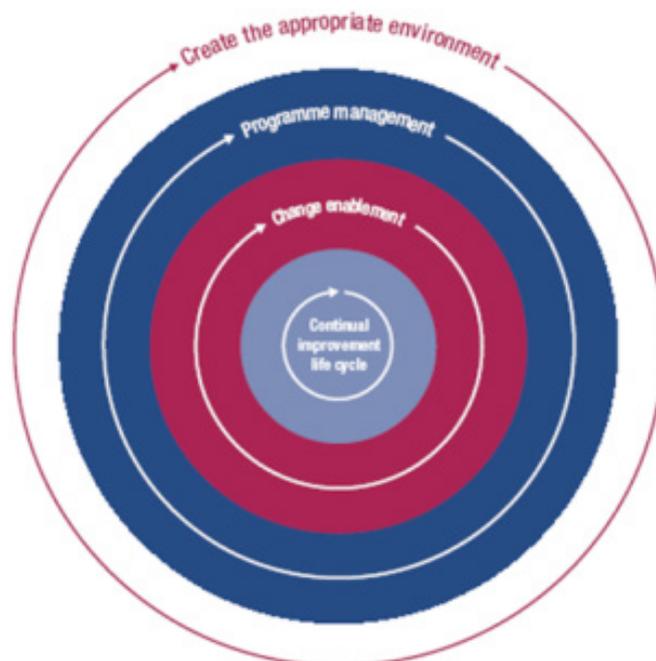


Figure 3 (COBIT® 5, © 2012 ISACA® All rights reserved)

There are three dimensions to a Cobit 5 implementation, otherwise referred to as components of the implementation lifecycle:

- **Programme Management** – an implementation and change of this magnitude depends on a formalized and structured approach, executive sponsorship, and a focus on outcomes and benefits realization – all of which require a programme management approach.
- **Change Enablement** – without change everything will stay the same. Creating the ability, capability and capacity for change to take place and empowering the Enterprise to change - all require a strong focus on change enablement.
- **Continual Improvement Lifecycle** – following a Kaizen philosophy, to seek and identify opportunities to improve, operationalize these and evaluating their success/failure on an ongoing basis requires a defined continual improvement lifecycle.

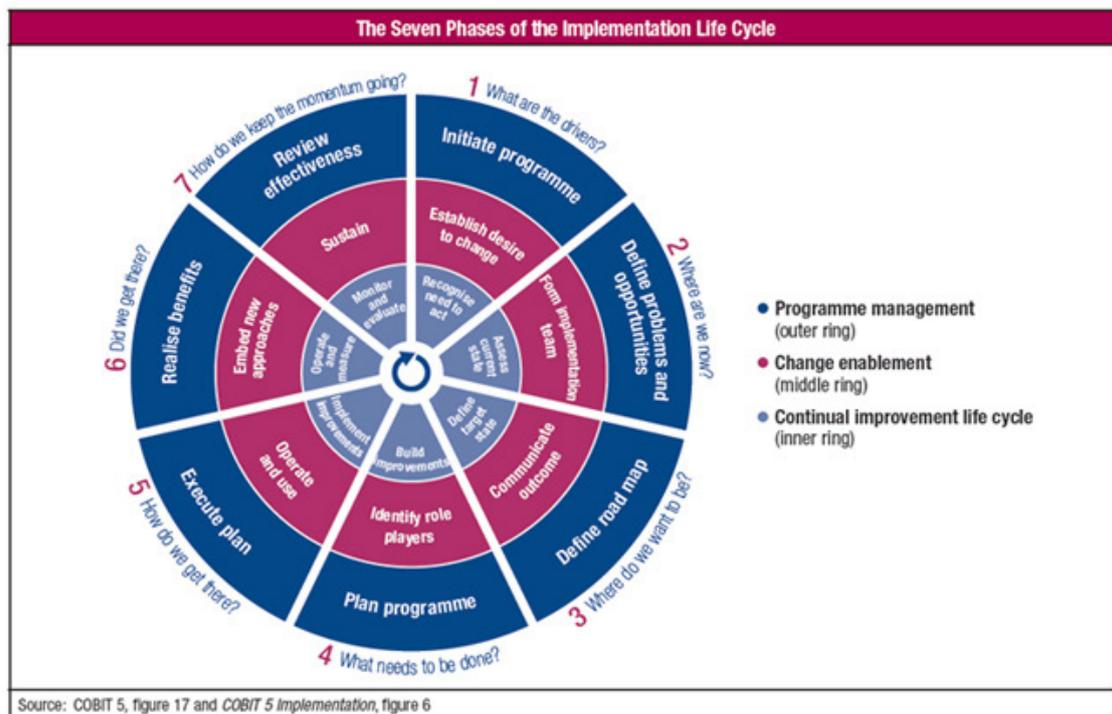


Figure 4 (COBIT® 5, © 2012 ISACA® All rights reserved)

There are seven phases in the COBIT 5 implementation lifecycle. The three aforementioned dimensions exist within each and every one of these phases, as can be seen in Figure 4 above, and in the outline below:

1. Phase 1 – What are the drivers?

Key Questions which need to be answered in this phase include - What is the business motivation and justification? What are the Stakeholder needs and expectations that need to be satisfied? Why are we doing this?

There must be consensus on the need for implementing COBIT 5, to change and improve, supported by the will and commitment of executive management.

- a. Dimensions:
 - i. **Programme Management** – Initiate the programme
 - ii. **Change Enablement** – Establish the desire to change
 - iii. **Continual Improvement Lifecycle** – Recognize the need to act

2. Phase 2 – Where are we now?

Key Questions which need to be answered in this phase include - What is our status quo? What is the As-Is in our enterprise environment in terms of information technology and the governance and management thereof? What does our world look like today?

An assessment and diagnostic of the existing Enterprise IT is conducted to highlight key focus areas, which in turn inform scope, objectives and priorities of the implementation.

- a. Dimensions:
 - i. **Programme Management** – Define Problems and Opportunities
 - ii. **Change Enablement** – Form the implementation team
 - iii. **Continual Improvement Lifecycle** – Assess current state

3. Phase 3 – Where do we want to be?

Key Questions which need to be answered in this phase include - What is the Blueprint for the future? What is the To-Be of our enterprise environment in terms of information technology and the governance and management thereof? How do we want our world to look tomorrow? What is the Gap between our As-Is (Current State) and the To-Be (Future State)?

A defined target is set for the future improvement, a gap analysis is completed to indicate the delta between As-Is and To-Be, and potential short and long term solutions are identified.

- a. Dimensions:
 - i. **Programme Management** – Define the Roadmap
 - ii. **Change Enablement** – Communicate outcome
 - iii. **Continual Improvement Lifecycle** – Define target state

4. Phase 4 – What needs to be done?

Key Questions which need to be answered in this phase include - What work do we need to complete to get us where we want to be? Is the work justifiable? Do we need a plan of everything that needs to be done?

Comprehensive business cases and change plans are developed, and projects planned, for delivering the work and effecting the

implementation into the Enterprise.

a. Dimensions:

- i. **Programme Management** – Plan programme
- ii. **Change Enablement** – Identify roleplayers
- iii. **Continual Improvement Lifecycle** – Build improvements

5. Phase 5 – How do we get there?

Key Questions which need to be answered in this phase include - We know what we need to do but how do we do it? How do we complete all the work required? How will we get to the End Game where we want to be?

Projects are executed, and solutions delivered and implemented as standard practices into the Enterprise. Metrics for Performance Management are defined and monitoring commences.

a. Dimensions:

- i. **Programme Management** – Execute plan
- ii. **Change Enablement** – Operate and use
- iii. **Continual Improvement Lifecycle** – Implement improvements

6. Phase 6 – Did we get there?

Key Questions which need to be answered in this phase include - Have we completed everything we planned to do? Was it a success? Have we arrived at our future desired state which we wanted to get to? Are we using what we put in place?

It is important to determine whether the objectives have been achieved and expected benefits are being realized, and whether the Enterprise is able to sustain the changed operations.

a. Dimensions:

- i. **Programme Management** – Realize benefits
- ii. **Change Enablement** – Embed new approaches
- iii. **Continual Improvement Lifecycle** – Operate and measure

7. Phase 7 – How do we keep the momentum going?

Key Questions which need to be answered in this phase include - How do we prevent reversion back to the old way of doing things? What can we do to motivate, guide and even incentivize people to follow the new ways of doing things? How do we not standstill but continue to progress?

The success/failure of the implementation is measured, and the emphasis and focus is placed on continuous improvement of governance and management of Enterprise IT going forward.

a. Dimensions:

- i. **Programme Management** – Review effectiveness
- ii. **Change Enablement** – Sustain
- iii. **Continual Improvement Lifecycle** – Monitor and evaluate

The Seven Phases and the Three Dimensions within each phase provide an integrated, cohesive and comprehensive implementation lifecycle. When used holistically, it provides an effective and efficient model for the implementation of COBIT in the Enterprise. It is therefore highly recommend that this proposed approach from ISACA for COBIT 5 Implementation is used.

Phase	1	2	3	4	5	6	7
	What are the drivers?	Where are we now?	Where do we want to be?	What needs to be done?	How do we get there?	Did we get there?	How do we keep the momentum going?
Programme Management	Initiate the programme	Define Problems and Opportunities	Define the Roadmap	Plan programme	Execute Plan	Realize Benefits	Review effectiveness
Change Enablement	Establish the desire to change	Form the implementation team	Communicate outcome	Identify roleplayers	Operate and Use	Embed New Approaches	Sustain
Continual Improvement Lifecycle	Recognize the need to act	Assess current state	Define target state	Build improvements	Implement improvements	Operate and Measure	Monitor and Evaluate

Figure 5 - Summary Table of Seven Phases and Three Dimensions

Conclusions

Enterprise Governance will continue to evolve and entrench itself in the Strategic Management of organizations. In line with this, the functional Governance subsets of which it is comprised, will also evolve and become part of the functional fabric within every organization. Information Technology, as it becomes exponentially pervasive in organizations around the world day by day, will place more demands on Enterprises to ensure and assure appropriate governance and management of Enterprise IT is in place.

Information Technology in the Enterprise of today is a powerful force helping organizations meet the needs of all their diverse stakeholders. Enterprise IT is a thread that runs through every function of the modern organization, enabling the achievement of goals at all levels up to and

including Enterprise goals. Contemporary IT is shaping the strategic direction of Enterprises, their missions and ultimately the achievement of the Vision of the organization.

As such IT is becoming more and more critical as a factor in the ability of the Enterprise to operate its core business, develop a competitive advantage and sustain its position in the marketplace. On the one hand this means that IT is a strength of the Enterprise, on the other hand it means IT failure is seen as a serious threat and risk to the survival of the Enterprise. Having established that the creation of value is an Enterprise Governance objective, and that the governance and management of Enterprise IT is essential to creating value by helping to realize benefits, and optimize risks and resources, the need for a decision on what to use to govern and manage Enterprise IT is clear.

The prominence and importance of IT to and within the Enterprise informs the need for a comprehensive, end-to-end and holistic framework for the governance and management of Enterprise IT that meets all stakeholder needs. There is only one such framework – Cobit 5.

Implementing COBIT 5 should be a goal for any Enterprise, who under the auspices of Enterprise Governance, is looking for a way to govern and manage their Enterprise IT effectively and derive the most possible value from their investments in information technology, whilst reducing risk and optimizing resources.

The Enterprise who has the goal of implementing Cobit 5 should follow the recommended implementation lifecycle. This implementation lifecycle will ensure the drivers for Cobit 5 are quantified, qualified and agreed, show the organization where it is now and help it design where it would like to be in the future. It will lay out what needs to be done, plot a path of how to get there and tell you if you reached there or not. And when the destination has been reached, it will review whether it's effective or not and provide guidance on how to sustain and improve it further.

For your Cobit 5 implementation to be successful, you will need to manage the implementation as a programme, manage change through the implementation lifecycle and ensure a continuous improvement lifecycle is implemented. These dimensions are all key with change management likely to be your greatest challenge and most critical success factor. Get and maintain buy-in from all of your stakeholders, manage them effectively from start to finish and you should have more saviours than saboteurs.

Whilst this paper served to look at the need and decision to implement Cobit 5 in the context of Enterprise Governance and value for the organization while outlining the implementation, a more comprehensive and detailed guidance on implementation is available from ICASA. What should be apparent by now is that governance and management of Enterprise IT is a critical part of the Enterprise Governance of every

organization, the responsibility of the senior management and Board of the Enterprise, and essential for the organization to be able to succeed in a highly competitive world. Realizing benefits, reducing risk and optimizing resources, in other words value creation, can be best achieved by using a tried, tested and generally accepted framework for governance and management of Enterprise IT – that is, COBIT 5.

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