White Paper

COBIT 5 as an Overarching IT Governance Framework

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This white paper explores the use of the COBIT 5 IT Governance as the overarching governance and management framework for enterprise IT capabilities.

Executive Summary

Enterprise IT typically consists of a number of specific IT capabilities or business components. Depending on the type of business[1], these capabilities may include IT strategy and planning, project portfolio management, service management, IT Portfolio management and enterprise and IT architecture. Good governance practice should underpin these capabilities so as to ensure value realization and reduce risk for the enterprise.

Many organizations of all sizes, including not for profits, are subjected to an ever changing and complex regulatory environment. With the increased reliance of all businesses on information and related technology this regulation more often than not requires the compliance, governance and management of IT resources according to best practice or approved standards. Another implication of this increased reliance on IT is the exponential increase in IT-related risks enterprises today are faced with.

COBIT 5 serves as the most comprehensive and widely accepted governance and management framework for enterprise IT available today.

This framework identifies a number of enterprise enablers, processes for the governance and management of enterprise IT, as well as a

[1] The size of the organisation should not determine what capabilities are required, only their level of maturity

comprehensive list of goals and measurement metrics. Using this framework to guide the implementation and management of enterprise IT capabilities will ensure regulatory compliance, lower IT-related risk and best practice IT operations and planning.

COBIT 5 Support for the Critical Success Factor of IT Governance

Based on research carried out by PricewaterhouseCoopers and the IT Governance Institute[2], there are seven critical success factors of any IT governance initiative within and enterprise can be defined as below:

1. **Commitment of Senior Management**
    - Senior management is required to establish a governance call to action and champion the governance initiative. Their buy-in is imperative. The COBIT 5 Organization enabler category means to address this.
2. **Change Management**
    - Implementing and managing any resistance to required change within the organization.
3. **Focus and Enforcement**
    - Ensuring objectives and activities are measurable and enforceable. Constantly track against goals and outcomes to maintain focus.
4. **Manage Expectations and set Achievable Targets**
    - All stakeholders should be adequately informed of the outcomes and risks of the governance initiative. Targets set should be achievable in the short to medium term to maintain focus.
5. **Evolution not Revolution**
    - Adoption of new governance initiatives within an organization can take time. Behaviours, cultures and ethics (one of the seven COBIT 5 Enabler categories) need to adapt. Allowing these aspects to adapt to governance approaches are critical to success.
6. **Ensure Governance Process Efficiency**
    - Governance should not hinder business operations and cause roadblocks. Ensure governance processes and requirements take business needs and priorities into account.

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7. **Communication**

    - Governance objectives should be clearly communicated to all stakeholders, with emphasis on the benefits to the business. COBIT 5 eludes to this success factor in one of its seven governance enabler categories – People, skills and competencies.

Each of the above critical success factors can be supported and achieved through the use of the COBIT 5 framework. The framework identifies seven governance enabler categories (mentioned in more detail below) describe how all the components of the enterprise must work together in order to create value for the organization.

The Need for an Overarching IT Governance Framework

Before we can identify the need for an overarching IT Governance Framework we should first identify the components and activities involved in the governance and management of enterprise IT.

Some key components and activities of a typical IT capability within an enterprise may include:

- IT Strategy and Planning
- Enterprise and IT Architecture
- Investment Portfolio Management
- Project and Change Management
- IT Portfolio Management
- IT Service Management
- Business Process Management/ Optimization

Associated with these capabilities of a typical IT organization are a number of different best practices, guidelines, policies and, in some cases, legislation and regulations. The table below highlights only a few of these for each capability:

Capability	**Best Practice/ Framework/ Methodology**
IT Strategy and Planning	Balance Scorecard (BSC), Business Model Canvas
Enterprise and IT Architecture	TOGAF, Zachman, FEA, GWEA
Investment Portfolio Management	ITIM
Project and Change Management	Prince II, PMP, PMBoK, Agile
IT Portfolio Management	APM, ITAM, SAP
IT Service Management	ITIL
Business Process Management/ Optimisation	eTOM, APQC, SCOR, BPMN, LEAN & Six Sigma, EMMMv, CMMI

Due to the nature of a typical IT organization, that is, the wide variety of activities and compliance requirements, any enterprise can quickly lose control of IT spend, become slow to respond to market and environmental changes, be unable to comply with governance and regulatory requirements, and over time reduce the value created for the business.

The need for a holistic IT governance and management framework is clear when we analyze the increasing IT costs and lack of business value being created. In order to successfully manage and align an organization's IT capability, and to deliver tangible business value, there needs to be a single point of reference for the management and governance of all the components and activities comprising an IT organization.

In this paper we will explore two approaches that can be used for illustrating the suitability of COBIT5 as an overarching and holistic IT governance and management framework. The first, more abstract approach, is mapping an organization's IT capabilities to the COBIT 5 Enterprise enabler categories. The second and more detailed approach is mapping these capabilities to the COBIT 5 process reference model (and the detailed processes from the COBIT 5 Enabling Process specification).

COBIT 5 outlines seven enterprise enabler categories to ensure a holistic approach to the governance and management of enterprise IT:

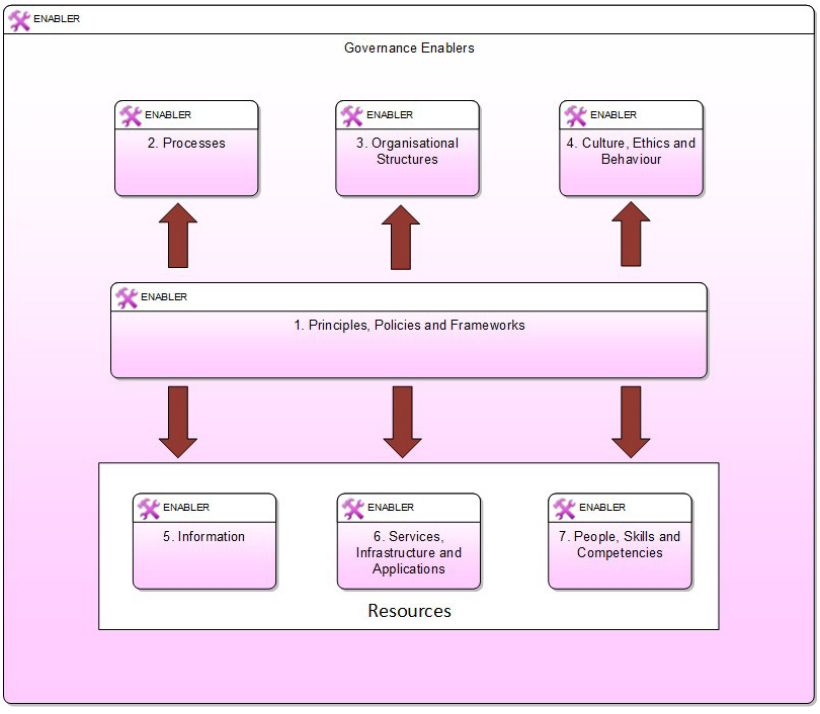

Figure 1 - COBIT 5 Enterprise Enablers as seen in iServer IT Governance

Mapping IT capabilities and associated best practice guidance, standards or regulations, will allow organizations to take a holistic governance and management approach to all IT capabilities. For each of the seven enabler categories, COBIT 5 outlines enabler dimensions, as well as enabler performance management metrics. These metrics are generic across all enablers and are separated into lead and lag indicators.

As an example, let's analyze the information enabler dimensions and performance metrics. One IT capability that would likely rely heavily on information would be IT service management.

The information enabler dimensions include:

- **Stakeholders:** Is the information relevant to Internal or External stakeholders.
- **Goals:** The goals of the information within an organization include intrinsic quality, contextual quality and information should be accessible and secure.
- **Life Cycle:** Information lifecycle should have the following six main phases:
    - Plan
    - Design
    - Build/ Acquire/ Create
    - Use or Operate
    - Evaluate and monitor
    - Update or dispose.
- **Good Practice:** Define information attributes including physical attributes, empirical attributes etc.

Lag indicators for measuring the performance of the Information enabler include stakeholders and goals. In other words, performance indicators that suggest stakeholders are not satisfied with the information or that the information goals have not been met will only be realized after the fact. Lead indicators include information life cycle and good practices. Checks for these would be checking whether good practices have been applied and whether the information life cycle is being adequately managed.

So - continuing with one of our examples of an IT capability with a critical reliance on information within an enterprise; IT service management.

IT Service Management using ITIL as the good practice framework, would likely be concerned with the following information enabler dimensions, as COBIT would put them:

- Stakeholders to IT service management information would be both internal (operations) and external (vendors) to the enterprise;
- Service management information goals would be focused on contextual quality of information – information relevance. Information goals and KPI's from ITIL should be incorporated.
- Information relevant to ITIL IT service management should be aligned with the ITIL IT service life cycle;
    - service strategy,
    - service design,

- service transition,
- service operation, and
- continual service improvement.

These are easily mapped to the COBIT 5 generic information enabler life cycle.

- The ITIL framework documents a number of good practices relevant to service management information that can be incorporated into the COBIT 5 framework.

Continuing on, like we have done in this IT service management example, by mapping other key IT capabilities to the COBIT 5 enterprise, enablers will allow organizations to benchmark their various capabilities with COBIT 5 IT governance best practice, and provide them with a good place to start measuring and governing capabilities through the use of the COBIT 5 enabler dimensions and enabler performance management guidance.

The second and more detailed approach to using COBIT 5 as an integrated governance framework is by mapping activities to the COBIT 5 best practice processes. These processes define activities that should be carried out during the governance and management of enterprise IT. It identifies five process domains, namely;

- Evaluate, direct and monitor (EDM)
- Align, plan and organize (APO)
- Build, acquire and implement (BAI)
- Deliver, service and support (DSS)
- Monitor, evaluate and assess (MEA)

In order to demonstrate the integrated overarching nature of the COBIT 5 framework, the table below maps the key IT capabilities and activities to the 'best fit' COBIT 5 Domains and lower level processes.

Capability	**COBIT 5 Domain**	**COBIT 5 Process**
IT Strategy and Planning	APO	APO02: Manage Strategy
Enterprise and IT Architecture	APO	APO03: Manage Enterprise Architecture
Investment Portfolio Management	APO	APO05: Manage Portfolio
Project and Change Management	BAI	BAI01: Manage Programs and Projects BAI06: Manage Changes
IT Portfolio Management	BAI	BAI09: Manage Assets
IT Service Management	DSS	DSS02: Manage Service Requests and Incidents
Business Process Management/ Optimisation	DSS	DSS06: Manage Business Process Controls

The COBIT 5 processes are further decomposed into governance and management practices, and then into detailed activities. Each process is also assigned enterprise goals and IT-related goals, highlighting the purpose of the process. Measures in-turn are associated with each of these goals in order to assess their effectiveness.

Continuing with our ITIL IT service management example, an organization that has adopted the ITIL processes and guidance for its service management capability could map existing processes to the COBIT 5 process DSS02: Manage Service Requests and Incidents. The benefits of this mapping would be the ability for the organization to use the COBIT 5 recommended process goals, associated success measures, and the COBIT 5 RACI suggestions for each process. This mapping will also provide stakeholder transparency through the relationships between COBIT 5 IT-related goals, enterprise goals and, ultimately, value creation and stakeholder needs – traceability not provided by ITIL.

Lastly in this example, the mapping of ITIL activities to the COBIT 5 processes, and using COBIT 5 as the holistic overarching framework, will give the organization a view of overlapping activities. An example of overlapping activities could be SOA design, overlapping with TOGAF Application Architecture, overlapping with ITIL service design. Mapping these best practices to a common process framework such a COBIT 5 will allow governance of these activities using a single scorecard.

Conclusion

The COBIT 5 base framework identifies seven governance enabler categories that ensure governance is looked at holistically and covers all aspects of the enterprise. These categories support the top critical success factors identified for an IT governance initiative.

Mapping IT capabilities and their associated best practices, standards and regulations to the COBIT framework can greatly simplify the organization's IT capability and allow it to be governed and measured using a common framework as a baseline. The two approaches we used to align with COBIT 5 were either mapping to the enterprise enablers or to the more detailed process reference model. The successful approach will depend on the maturity of the organization and the IT capability in question, but value can be realized either way.

The gains from using a holistic and overarching governance framework to manage an organization's IT capability are seen though the common reference point, common measurement of capabilities, and the identification of duplicate and overlapping capabilities and activities – improving the return on investment in IT capabilities.

Using COBIT 5 as this overarching holistic governance framework provide the added benefits of traceability between the detailed enabler goals, IT-related goals, enterprise goals, and ultimately business value and stakeholder needs.

This traceability leads to better stakeholder transparency which is key to establishing trust between an organization's IT capability and business leadership.

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