

VALIT 2.0

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COBIT & VALIT

	Governance focus	Process focus	Portfolio focus
VALIT	Enterprise governance of IT	<ul style="list-style-type: none"> Programme design and initiation Benefit realisation Investment and ongoing value management aspects of all processes 	<ul style="list-style-type: none"> Manage the investment portfolio Provide the overall view of portfolio performance
COBIT	IT governance	<ul style="list-style-type: none"> IT solution delivery IT operational implementation IT service delivery 	<ul style="list-style-type: none"> Manage the IT project portfolio in support of investment programmes Manage the IT service, asset and other resource portfolios Provide information on the performance of the IT service, asset and other resource portfolios

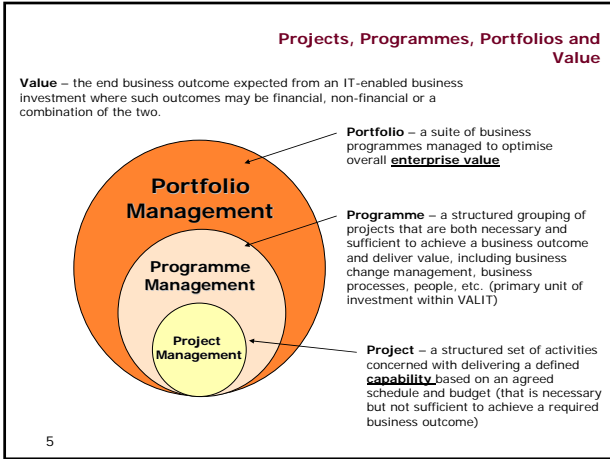
VALIT definition

Val IT supports the enterprise goal of creating optimal value from IT-enabled investments at an affordable cost, with an acceptable level of risk. As such, Val IT is **guided by** a set of principles applied in value management processes, **that are enabled by** key management practices **and are measured by** performance against goals and metrics.

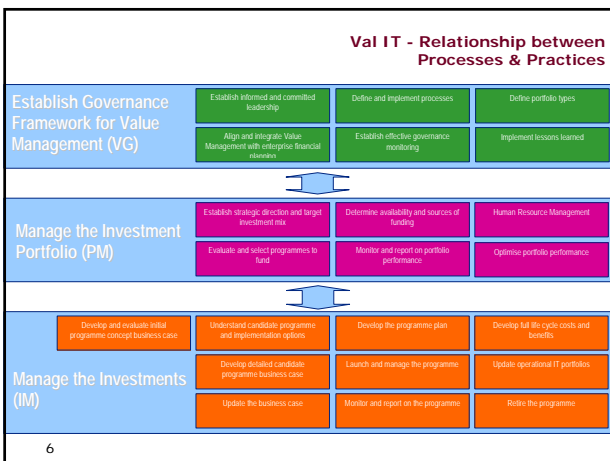
"Organizations struggling to execute IT strategies that deliver business value and to communicate this value to stakeholders should evaluate Val IT as a tool for improved value delivery." (Forrester, 2007)

VALIT principles

- **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**
- **Value-delivery practices will:**
 - Recognise that there are **different categories of investments** that will be evaluated and managed differently
 - Define and monitor **key metrics** and respond quickly to any changes or deviations
 - Engage all stakeholders and assign **appropriate accountability** for the delivery of capabilities and the realisation of business benefits
 - Be **continually monitored, evaluated and improved**



- ### VG processes
- **VG01 Establish informed and committed leadership:**
 - VG01.1 Develop an understanding of significance of IT and role of governance
 - VG01.2 Establish effective reporting lines
 - VG01.3 Establish a leadership forum
 - VG01.4 Define value for the enterprise
 - VG01.5 Ensure alignment and integration of business and IT strategies with key business goals
 - **VG02 Define and implement processes:**
 - VG02.1 Define the value governance framework
 - VG02.2 Assess the quality and coverage of current processes
 - VG02.3 Identify and prioritise process requirements
 - VG02.4 Define and document processes
 - VG02.5 Establish, implement and communicate roles, responsibilities and accountabilities
 - VG02.6 Establish organisational structures
 - **VG03 Define portfolio characteristics:**
 - VG03.1 Define portfolio types
 - VG03.2 Define categories (within portfolios)
 - VG03.3 Develop and communicate evaluation criteria (for each category)
 - VG03.4 Assign weightings to criteria
 - VG03.5 Define requirements for stage-gates and other reviews (for each category)



- ### VG processes
- **VG04 Align and integrate Value Management with enterprise financial planning:**
 - VG04.1 Review current enterprise budgeting practices
 - VG04.2 Determine Value Management financial planning practice requirements
 - VG04.3 Identify changes required
 - VG04.4 Implement optimal financial planning practices for Value Management
 - **VG05 Establish effective governance monitoring:**
 - VG05.1 Identify key metrics
 - VG05.2 Define information capture processes and approaches
 - VG05.3 Define reporting methods and techniques
 - VG05.4 Identify and monitor performance improvement actions
 - **VG06 Continuously improve Value Management practices**
 - VG06.1 Implement lessons learnt
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PM processes

- **PM01 Establish strategic direction and target investment mix:**
 - PM 1.1 Review and ensure clarity of business strategy and goals
 - PM 1.2 Identify opportunities for IT to support and influence the business strategy
 - PM 1.3 Define appropriate investment mix
 - PM 1.4 Translate business strategy and goals into IT strategy and goals
- **PM02 Determine the availability and sources of funds:**
 - PM02.1 Determine overall investment funds
- **PM03 Manage availability of human resources:**
 - PM03.1 Create and maintain an inventory of business human resources
 - PM03.2 Understand the current and future demand (for business human resources)
 - PM03.3 Identify shortfalls (between current and future business human resource demand)
 - PM03.4 Create and maintain tactical plans (for business human resources)
 - PM03.5 Monitor, review and adjust (business function allocation and staffing)
 - PM03.6 Create and maintain an inventory of IT human resources
 - PM03.7 Understand the current and future demand (for IT human resources)
 - PM03.8 Identify shortfalls (between current and future IT human resource demand)
 - PM03.9 Create and maintain tactical plans (for IT human resources)
 - PM03.10 Monitor, review and adjust (IT Function allocation and staffing)

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IM processes

- **IM01 Develop and evaluate initial programme concept business case:**
 - IM01.1 Recognise investment opportunities
 - IM01.2 Develop initial programme concept business case
 - IM01.3 Evaluate initial programme concept business case
- **IM02 Understand the candidate programme and implementation options:**
 - IM02.1 Develop a clear and complete understanding of the candidate programme
 - IM02.2 Perform alternatives analysis
- **IM03 Develop the programme plan:**
 - IM03.1 Develop a programme plan
- **IM04 Develop full life-cycle costs and benefits:**
 - IM04.1 Identify full life-cycle costs and benefits
 - IM04.2 Develop benefits realisation plan
 - IM04.3 Perform appropriate reviews and obtain sign-offs
- **IM05 Develop the detailed candidate programme business case:**
 - IM05.1 Develop detailed programme business case
 - IM05.2 Assign clear accountability and ownership
 - IM05.3 Perform appropriate reviews and obtain sign-offs

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PM processes

- **PM04 Evaluate and select programmes to fund:**
 - PM 4.1 Evaluate and assign relative scores to programme business cases
 - PM 4.2 Create overall investment portfolio view
 - PM 4.3 Make and communicate investment decisions
 - PM 4.4 Specify stages-gate and allocate funds to selected programmes
 - PM 4.5 Adjust business targets, forecasts and budgets
- **PM05 Monitor and report on investment portfolio performance**
 - PM 5.1 Monitor and report on portfolio performance
- **PM06 Optimise investment portfolio performance**
 - PM 6.1 Optimise portfolio performance
 - PM 6.2 Reprioritise the portfolio

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IM processes

- **IM06 Launch and manage the programme:**
 - IM06.1 Plan projects, resource and launch the programme
 - IM06.2 Manage the programme
 - IM06.3 Track and manage benefits
- **IM07 Update operational IT portfolios:**
 - IM07.1 Update operational IT portfolios
- **IM08 Update the business case:**
 - IM08.1 Update the business case
- **IM09 Monitor and report on the programme:**
 - IM09.1 Monitor and report on programme (solution delivery) performance
 - IM09.2 Monitor and report on business (benefit/outcome) performance
 - IM09.3 Monitor and report on operational (service delivery) performance
- **IM10 Retire the programme:**
 - IM10.1 Retire the programme

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VALIT Management Guidelines

Activity	CEO	COO	Chief Investment Officer	Chief Financial Officer	Chief Information Officer	Chief Risk Officer	Chief Compliance Officer	Chief Legal Officer	Chief Human Resources Officer	Chief Marketing Officer	Chief Operations Officer	Chief Technology Officer
1. Create an environment that fosters and welcomes new ideas and acknowledges their champions.												
2. Capture opportunities for investment programmes to create value in support of the business strategy or to address operational or strategic issues.												
3. 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.												
4. Determine which opportunities to pursue further or examine in more depth, and identify and assign a business sponsor for each opportunity to be pursued.												

Inputs / outputs

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RACI

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Goal & metrics

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Activity	Inputs	Outputs	Goal & metrics
1. Create an environment that fosters and welcomes new ideas and acknowledges their champions.	Individual IT-enabled business units	Individual IT-enabled business units	Contribution of business units to overall business case
2. Capture opportunities for investment programmes to create value in support of the business strategy or to address operational or strategic issues.	Business units with roles with respect to a programme	Business units with roles with respect to a programme	Number of new ideas per investment opportunity
3. 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.	Business units with roles with respect to a programme	Business units with roles with respect to a programme	Number of ideas being to business units per investment opportunity
4. Determine which opportunities to pursue further or examine in more depth, and identify and assign a business sponsor for each opportunity to be pursued.	Business units with roles with respect to a programme	Business units with roles with respect to a programme	Number of ideas being to business units per investment opportunity

RACI chart (example IM1)

Activities	Functions												
	CEO	COO	Chief Investment Officer	Chief Financial Officer	Chief Information Officer	Chief Risk Officer	Chief Compliance Officer	Chief Legal Officer	Chief Human Resources Officer	Chief Marketing Officer	Chief Operations Officer	Chief Technology Officer	
Create an environment that fosters and welcomes new ideas and acknowledges their champions.	R	A/R											
Capture opportunities for investment programmes to create value in support of the business strategy or to address operational or strategic issues.	C	C	C	R	R	R	R	R	R			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			C	A/R	C	

Roles & Responsibilities

Role	Suggested definition
Board	The group of the most senior executives and/or non-executives of the enterprise, who are accountable for the governance of the enterprise and have overall control of its resources.
Business sponsor (incl. service owner)	The individual accountable for delivering benefits and value to the enterprise from an IT-enabled business investment programme.
Business unit executives / managers	Business individuals with roles with respect to a programme.
Compliance, audit, risk and security (CARSS)	The function(s) in the enterprise responsible for compliance, audit, risk and security.
Chief Executive Officer (CEO)	The highest ranking officer, who is in charge of the total management of the enterprise.
Chief Financial Officer (CFO)	The most senior official of the enterprise, who is accountable for financial planning, record keeping, investor relations and financial risks.
Chief Information Officer (CIO)	The most senior official of the enterprise, who is accountable for IT advocacy, aligning IT and business strategies; and planning, resourcing and managing the delivery of IT services and information, and the deployment of associated human resources.
Investment and services board (ISB)	A management structure primarily accountable for managing the enterprise's portfolio of investment programmes and existing current services and, thus, managing the level of overall funding to provide the necessary balance between enterprise-wide and specific line-of-business needs.
Head of Human Resources	The most senior official of an enterprise who is accountable for planning and managing the level of overall funding to provide the necessary balance between enterprise-wide and specific line-of-business needs.
Programme Manager	The individual responsible for the achievement of the programme's objectives.
Programme Management Office (PMO)	The function responsible for supporting programme managers and gathering, assessing and reporting information about the conduct of their programmes and constituent projects.
Project Management Office (PMO)	The function for supporting project managers, defining and propagating standardised methodologies; and gathering, assessing and reporting information about the conduct of their projects.
Value Management Office (VMO)	The function that acts as the secretariat for the ISB in managing investment and service portfolios, including assessing and advising on investment opportunities and business cases, value governance/management methods and controls, and reporting on progress in sustaining and creating value from investments and services.

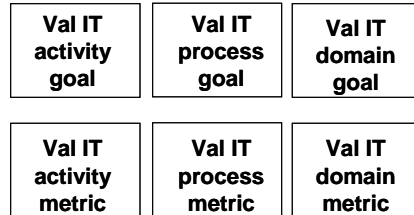
RACI Assignment – Summary tables

Activity	Accountability	Responsibility
Value Governance		
Establish informed and committed leadership.		
Define and implement processes.		
Define portfolio characteristics.		
Align and integrate value management with enterprise financial planning.		
Establish effective governance monitoring and implement lessons learned.		
Portfolio Management		
Establish strategic direction and target investment mix.		
Determine availability and sources of funds.		
Manage the availability of human resources.		
Evaluate and select programmes to fund.		
Monitor and report on investment portfolio performance.		
Optimise investment portfolio performance.		
Investment Management		
Develop and evaluate initial programme concept business case.		
Understand the candidate programme and develop a programme plan.		
Develop full life-cycle costs and benefits.		
Develop the detailed candidate programme business case.		
Launch and manage the programme (through to programme retirement).		
Update operational IT portfolios.		
Update the business case.		
Monitor and report on the programme.		

RACI Assignment – Summary tables

Activity	Accountability	Responsibility
Value Governance		
Establish informed and committed leadership.	Board	CEO
Define and implement processes.	CEO	CFO and CIO
Define portfolio characteristics.	Board	CEO, CFO and CIO
Align and integrate value management with enterprise financial planning.	Board	CFO
Establish effective governance monitoring and implement lessons learned.	Board	Executive and business management
Portfolio Management		
Establish strategic direction and target investment mix.	Board and CIO	CEO, CFO and CIO
Determine availability and sources of funds.	CFO	CFO, CIO and business management
Manage the availability of human resources.	Business management	Programme manager and CIO
Evaluate and select programmes to fund.	Executive management	Investment and services board (ISB) and value management office (VMO)
Monitor and report on investment portfolio performance.	VMO	VMO
Optimise investment portfolio performance.	Executive management	ISB and business management
Investment Management		
Develop and evaluate initial programme concept business case.	Business sponsor	Business management
Understand the candidate programme and develop a programme plan.	Business sponsor	Programme manager
Develop full life-cycle costs and benefits.	Business sponsor	Programme manager
Develop the detailed candidate programme business case.	Business sponsor	Programme manager, CFO and CIO
Launch and manage the programme (through to programme retirement).	Programme manager	Business management and CIO
Update operational IT portfolios.	CIO	Programme manager and programme management office
Update the business case.	Business sponsor	Programme manager, CFO and CIO
Monitor and report on the programme.	Business sponsor	Programme manager

Goals & metrics



Inputs / outputs (example IM1)

From	Inputs	Outputs	To
	High-level business requirements	Initial business case	IM2
PM1	Appropriate investment mix	Initial business case approval	IMS
IM1	Initial business case		IM4
COBIT PO1	IT services portfolio		COBIT A1
COBIT PO2	IT cost-benefit estimates		
COBIT PO3	Risk assessment		

Goals and metrics (example IM1)

	ACTIVITIES	PROCESS	IM
GOALS	<ul style="list-style-type: none"> An environment that fosters and captures new ideas exists. A process and responsibilities for submission and categorisation of new ideas exist and are used. Champions of new ideas that are adopted are rewarded. Outlines of potential business initiatives and their outcomes are identified. High-level benefits and costs are identified for potential investment. Significant risks, and assumptions and mitigation plans are documented. 	<ul style="list-style-type: none"> Individuals throughout the enterprise suggest new investment opportunities. Ideas are collected, understood and categorised correctly for the investment portfolio. Good ideas are selected efficiently and expeditiously for further study. Good ideas are assigned business sponsors. Documented initial concept business cases with outcomes, benefits, assumptions, costs and risks are prepared. The content of initial programme 	<ul style="list-style-type: none"> Ensure that the enterprise's individual IT-enabled investments contribute to optimal value.
METRICS	<ul style="list-style-type: none"> Number of suggestions Percentage of champions rewarded Consistency and compliance of assessments and assumptions with enterprise's processes and practices Elapsed time between approval to prepare initial programme concept business case and sign-offs being obtained Age and backlog of non-processed ideas Number of programme concept business cases considered 	<ul style="list-style-type: none"> Percentage of ideas accepted to be developed into initial programme concept business cases Number of new ideas per investment category Number of ideas trying to bypass enterprise's processes and practices Number and percentage of sign-offs obtained without resubmission Number and percentage of programme concept business cases that continue to full business case development 	<ul style="list-style-type: none"> Contribution of individual IT-enabled investments to optimal value

Inputs/outputs & Goals/metrics Assignment - Summary tables

	Goal	Outcome Measure	Performance Driver	Inputs	Outputs
Value Governance (VG)					
Portfolio Management (PM)					
Investment Management (IM)					

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Maturity models (example IM)

- **0 Non-existent** when
The enterprise sees IT as an end in itself and the focus is on delivery of technology. There is no recognition of the strategic need for a benefits focus or to establish clear linkage between technology investments and expected business benefits.
- **1 Initial** when
Investment processes are *ad hoc* and business cases are rarely required. Simple financial metrics may exist, primarily related to IT solution delivery costs. Tools and skills depend on individuals. IT holds the budgets and there is little business involvement in the investment management process. There is no consistent nor effective management and tracking of total costs, benefits and risks.
- **2 Repeatable** when
Intuitive processes emerge for the development of business cases, but are not clearly defined or formalised. The primary focus is on costs but there is increasing rigour around benefits. The programme view is emerging and different tools are being used. IT still holds the budgets but there is increasing business involvement in defining major investment programmes. Financial metrics exist for costs, business benefits and risks, but there is no consistent nor effective monitoring nor management of benefits and risks.
- **3 Defined** when
Standards exist and tools emerge for the development of business cases including high-level benefits, both financial and non-financial, costs, and risks. For most major investments the focus is on clarity of business outcomes, identification of the full scope of initiatives required to achieve the outcomes, and risk. Expertise and skills exist both within IT and the business for assessing and estimating tangible and intangible benefits as well as for assessing business and technology risks. IT and business have clear responsibilities for the development of business cases which distinguish between intermediate and business benefits. Accountability for approval of business cases is established.
- **4 Managed** when
Board and executive management are committed to investment management. Business cases are comprehensive, complete and regularly updated, and include programme and benefits realisation plans. Standardised programme/project planning tools are used to automate and monitor the management of IT-enabled investments. Investment management skills are available and clear roles and responsibilities for business and IT stakeholders are assigned. A benefits monitoring process is in place to ensure planned benefits are achieved and sustained. Scorecards are used to summarise programme composition and health.
- **5 Optimised** when
Financial and non-financial benefits, costs and risks of investment programmes are continuously monitored and adjusted to optimise their value over their full economic life cycle through retirement. Investment management processes and skills are improved based on lessons learned and tools are integrated with enterprise systems. Executive management assigns accountability for managing full economic life cycle costs, financial and non-financial benefits, and risks. When business cases are updated to reflect changes in requirements or programme performance, management re-evaluates the business case to determine whether it should still be pursued.

Inputs/outputs & Goals/metrics Assignment – Solution Summary tables

	Goal	Outcome Measure	Performance Driver	Inputs	Outputs
Value Governance (VG)	To ensure that practices are embedded in the enterprise, enabling it to secure optimal value from its investments throughout their full economic life cycle	Extent of the understanding of the governance requirements Maturity of the value governance process	Degree of leadership engagement Level of analysis for investments Number of process and practice improvements	Business strategy Enterprise governance requirements	Value governance requirements Leadership commitment Portfolio types Investment categories
Portfolio Management (PM)	To ensure that an enterprise secures optimal value across its overall portfolio of investments, IT services and other IT assets	Degree of compliance of portfolio characteristics with strategic and governance requirements Maturity of the investment management process Ratio of the total value and total investment in the portfolio	Percentage of accepted full business cases Ratio of the total value and investment in the portfolios Review frequency of portfolio value and investment	Value governance requirements Full business cases Leadership commitment Portfolio types Investment categories Programme performance reports Programme retirement	The set of business cases of approved investment programmes Overall portfolio view Portfolio mix Resource portfolio
Investment Management (IM)	To ensure that an enterprise's individual investment programmes deliver optimal value at an affordable cost with a known and acceptable level of risk	Programme success ratio Percentage of budget spent on cancelled projects Maturity of the investment management process Percentage of IT expenditures that are directly traceable to the business strategy	Percentage of benefits with accepted accountability Quality of the business cases Percentage of accepted initial business cases	Value governance requirements Leadership commitment Approved investment programmes Portfolio mix	Full business cases Programme performance reports Service portfolios Project portfolios Programme retirement

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VALIT Getting Started

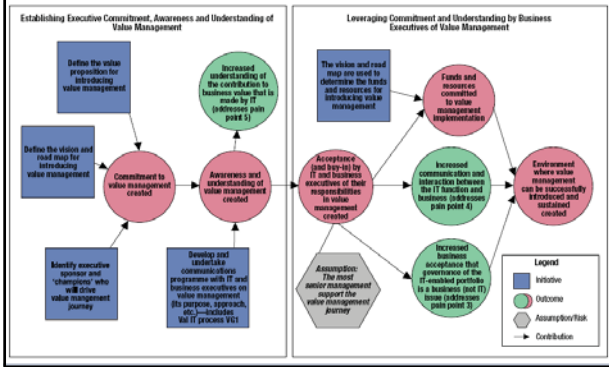
Figure 4—Approach to Addressing Pain Points

No.	Pain Points	1. I (Initial understanding of business management)	2. P (Programme or business management)	3. S (Supporting approach)	4. V (Value)	5. O (Optimised)	Primary domain	VG	PM	IM
1	Problems in delivering technical capabilities						See Goal (M1-7, E1-7B)			
2	Limited or no understanding of IT expenditures		P				PM	VG1, VG2, VG3	PM1, PM2, PM3, PM4	IM1, IM2, IM3, IM4, IM5
3	Business abdication of decision making to the IT function	P	P	S			VG	VG1, VG2, VG3, VG4, VG5, VG6	PM1, PM2, PM3	
4	Communication gaps between the IT function and the business		S	P			VG	VG1, VG2, VG3, VG4, VG5, VG6	PM3	
5	Questioning of the value of IT		S		P		VG, IM	VG1		IM1, IM2, IM3, IM4, IM5, IM6, IM7, IM8, IM9, IM10
6	Major investment failure				P		IM			IM1, IM2, IM3, IM4, IM5, IM6, IM7, IM8, IM9, IM10
Trigger events										
7	Changing in funding			P			PM	VG1, VG2, VG3	PM1, PM2, PM3, PM4	IM1, IM2, IM3, IM4, IM5
8	Shift in the market or the economy		P	P		S	VG, IM	VG1, VG2, VG3, VG4, VG5, VG6	PM1, PM2, PM3, PM4	IM1, IM2, IM3, IM4, IM5

2. P—Primary approach, S—Supporting approach.

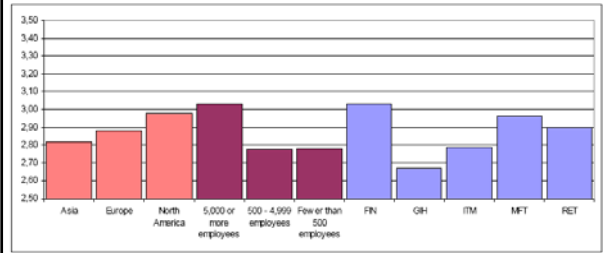
VALIT Getting Started

Figure 7—Approach 1: Build Awareness and Understanding of Value Management



COBIT and VALIT Implementation Status

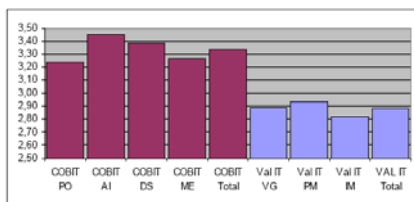
Figure 9: Overview Average scores Val IT implementation status



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COBIT and VALIT Implementation Status

Figure 6: COBIT and Val IT process implementation status



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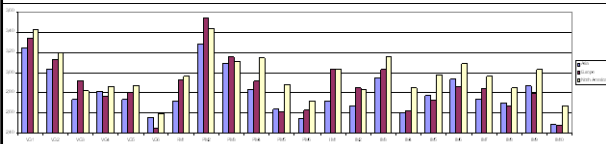
Benchmarking: VAL IT

- Top five best implemented Val IT processes are:
 1. PM2 - Determine the Availability and Sources of Funding (3,38)
 2. VG1 - Establish Informed and Committed Leadership (3,33)
 3. VG2 - Define and Implement Processes (3,12)
 4. PM3 - Manage Availability of Human Resources (3,09)
 5. IM3 - Develop the Programme Plan (3,05)

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Benchmarking: VAL IT

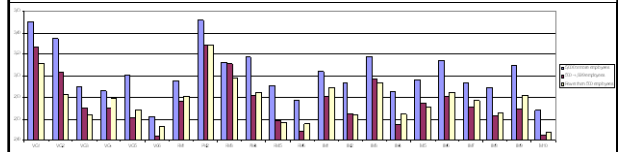
- Asian countries there is still more focus on the more technical IT issues than on the IT related business issues
 - In general, North American and European organisations score higher
 - Asian organisations score lower



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Benchmarking: VAL IT

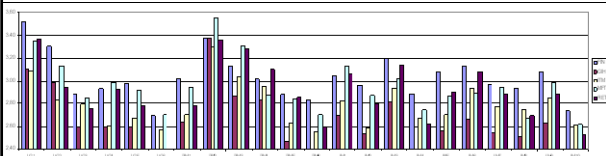
- Very large companies (above 5000 employees) score much higher than the large and smaller companies.
- Between the large (500- 14999 employees) and the smaller companies (less than 500 employees) there are no structural differences



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Benchmarking: VAL IT

- Organisations from the financial (FIN), manufacturing (MFT) and retail sector (RET) score better compared to the governmental and IT services companies (GIH)



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- Questions and discussion

- More information

- IT Governance and Alignment Research Institute
 - www.uams.be/ITAG
- Emails:
 - Wim.vangrembergen@ua.ac.be
 - Steven.dehaes@ua.ac.be
- Books
 - VALIT 2.0, IT Governance Institute, 2008
 - Van Grembergen W., De Haes S., Implementing Information Technology Governance: models, practices and cases, 255p., IGI Publishing, 2008
 - Van Grembergen W., De Haes S., Enterprise Governance of IT: achieving strategic alignment and value, 360p., Springer, 2009

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