

Combining IT Governance & Portfolio Management to Create a Results-Oriented Organization



February 27, 2008
11:00 am



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Session Overview

- Session Welcome
- IT Governance and Portfolio Management Overview
- Panelists
 - Christopher Cruz, Deputy Agency Information Officer, CA Department of Food & Agriculture
 - Titus Toyama, CFO, Franchise Tax Board
 - Steve Middlekauff, Account Executive, EDS
- Questions



What is IT Governance?

- Fundamentally, IT Governance is concerned with two issues:
 - Cost containment and managing budgets in lean times while meeting organizational objectives and delivering strategic value
 - Mitigation of risks to reduce the chances of failed IT projects
- Sets strategic direction, provides leadership, and reports to key stakeholders on overall health and success of the IT department.
- Governance areas include:
 - Strategic alignment
 - Risk management
 - Resource management
 - Project & portfolio management
 - Performance measurement

Why is IT Governance Important?

- IT Governance drives how we successfully run our department:
 - Evaluating new projects and the impacts of those projects on resources, budget, and timelines of the existing project queue
 - Ensuring that all IT investments are aligned with the strategic goals and objectives of the department
 - Reducing the risks associated with redundant programs, systems, and high visibility projects
 - Transforming departments and creating services for customers
 - Managing enterprise resources, vendors, and customers
 - Recording and disseminating core business knowledge

What CIOs Are Telling Us

“I don’t know the impact of new projects on the existing project queue.”

“We don’t have enough resources to get the job done!”

“I should be the voice of reason to guide the business towards projects that are strategically aligned with business objectives that IT can deliver.”

“I need visibility, control and results without real portfolio planning I get very little of all 3”

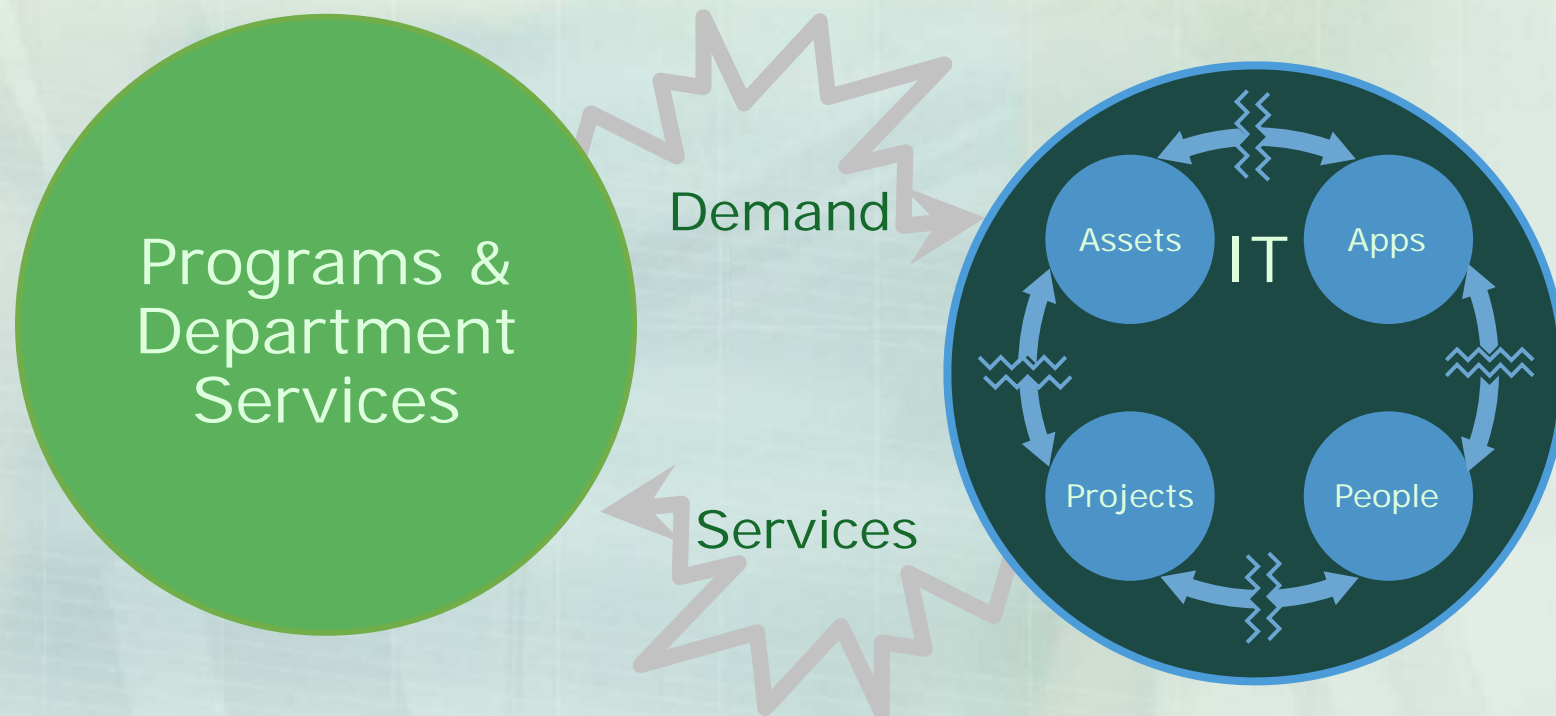
“We don’t prioritize our projects, or, every project is a #1 priority, or, our priorities are constantly changing with no explanation.”

“I can’t improve what I can’t measure! How do I measure?”



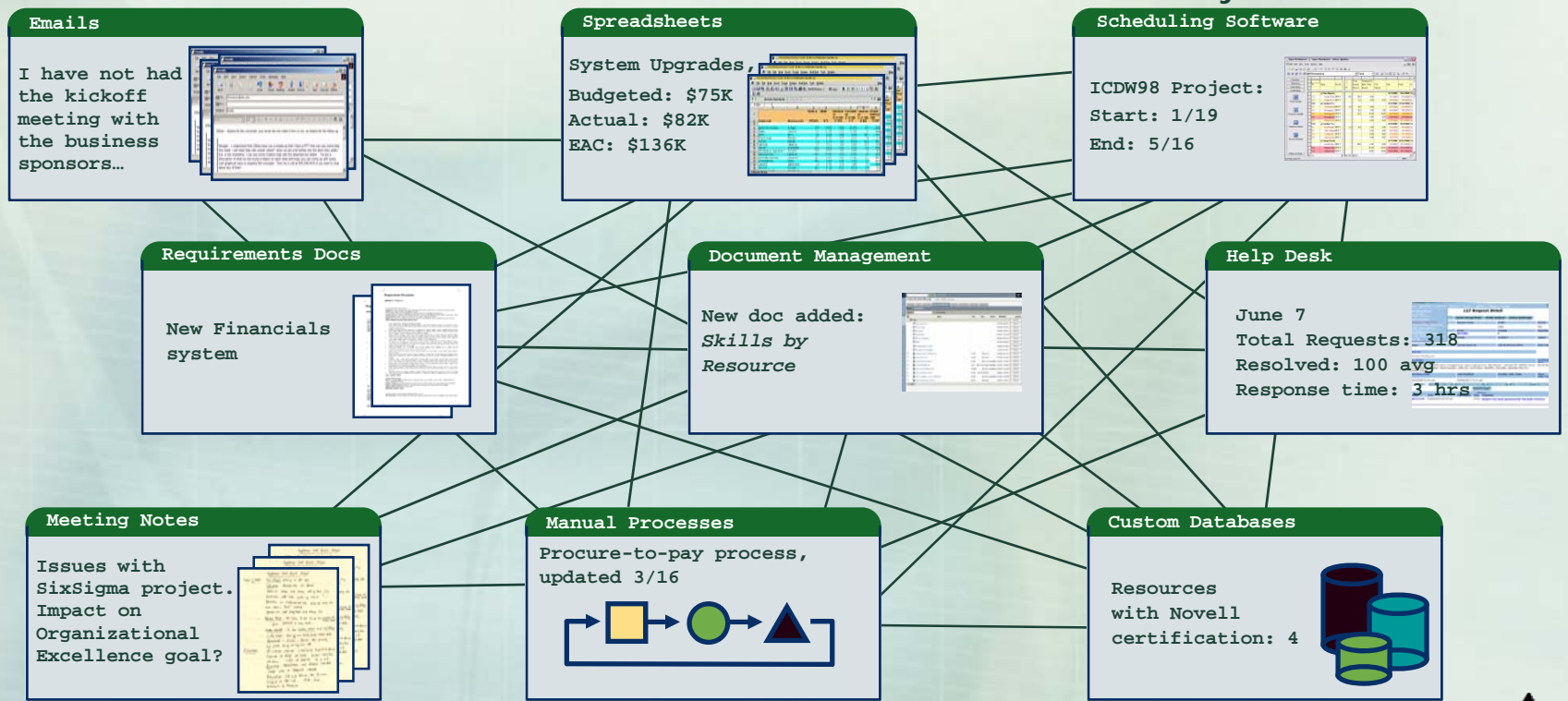
Impacts of Ineffective IT Governance & Portfolio Management

- A weak IT governance process has its challenges:
 - Overwhelming demand
 - Poor IT-business engagement
 - Lack of financial transparency
 - Under utilized resources
 - Reactive vs. Proactive
 - IT seen as a black box



The CIO's Information Challenge: Obstacles Preventing Effective Engagement

- Too much data about some things
- No data about other things
- Erroneous data passed off as truth
- Stored and presented haphazardly
- Often not relevant or useful
- Unnecessarily supporting applications because I don't know they exist.





How Do You Build a Results-Driven Organization?

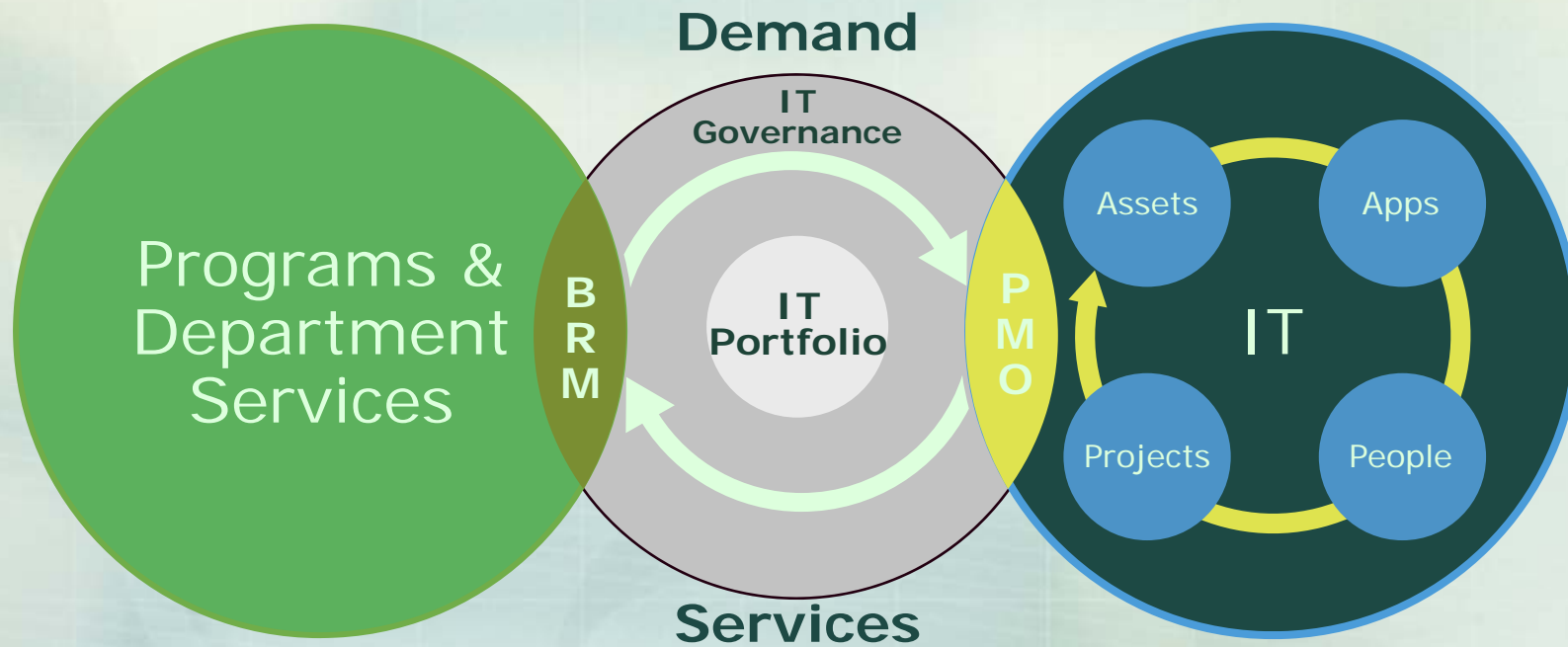


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Creating a Results-Driven Organization

- Develop repeatable IT Governance and Portfolio Management methodologies and processes
- Leverage standard practices and measures (no need to rebuild the wheel)
- Collaborate with team members to ensure that methodology and processes are adopted
- Communicate the importance of embracing the value of IT Governance and Portfolio Management
- Provide training to institutionalize the process by creating a context and framework so the organization can speak the same language

IT Governance Drives Project & Portfolio Management



Management Sets the Stage

- Governance is the responsibility of Executives
- Governance engages board members and executive management in a cooperative manner
- Governance activities must flow through various levels of the organization including:
 - Executive Directors, Deputy Directors, Executive Staff, Board Members
 - Section Chiefs, Division Chiefs
 - Managers, Supervisors, Key Staff Members
- Lower layers of management must apply the same principles of setting objectives, providing and getting directions, and providing and evaluating performance measures

Roadmap to IT Organizational Maturity



How to Verify and Validate that IT Governance is being Leveraged in the Organization



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What if you could have...

...real-time visibility into

- Project status
- Timeline to completion
- Infrastructure requirements
- Project Risks and issues
- Budget and Actuals

...transparency into

- Project cost
- Scope impact
- Resource Utilization
- Capacity requirements



Investment	Goal	Alignment	Risk	Stage	Start	Planned Cost	Actual Cost	Remaining Cost
ADP Enhancement - South East Asia - Phase 2	Infrastructure Improvement	High	Low	Design	8/2/07	239,800.00 USD	239,800.00 USD	
eBank Portal	Cost Reduction	High	Low	Design	3/19/07	369,200.01 USD	266,440.00 USD	102,760.01 USD
Hungary Packslip modifications	Grow the Business	High	Low	Design	3/29/07	370,400.00 USD	314,400.00 USD	56,000.00 USD
Loan Application A24 Enhancement	Grow the Business	High	Low	Design	9/1/07	232,800.00 USD	232,800.00 USD	
Mortgage Mgt Release 2	Cost Reduction	High	Low	Design	9/1/07	356,800.00 USD	356,800.00 USD	
Online Banking Program - Release 12	Grow the Business	High	Low	Design	2/1/07	418,240.00 USD	0.00 USD	418,240.00 USD
Online Banking Reconciliation Engine	Cost Reduction	High	Low	Design	7/1/07	238,400.00 USD	238,400.00 USD	
Scanner International	Grow the Business	High	Low	Design				

Project	Start	End	Actual Cost	Planned Cost	Variance
ADP Enhancement - South East Asia - Phase 2	8/2/07	11/30/07	239,800.00	239,800.00	0.00
eBank Portal	3/19/07	11/30/07	266,440.00	369,200.01	-102,760.01
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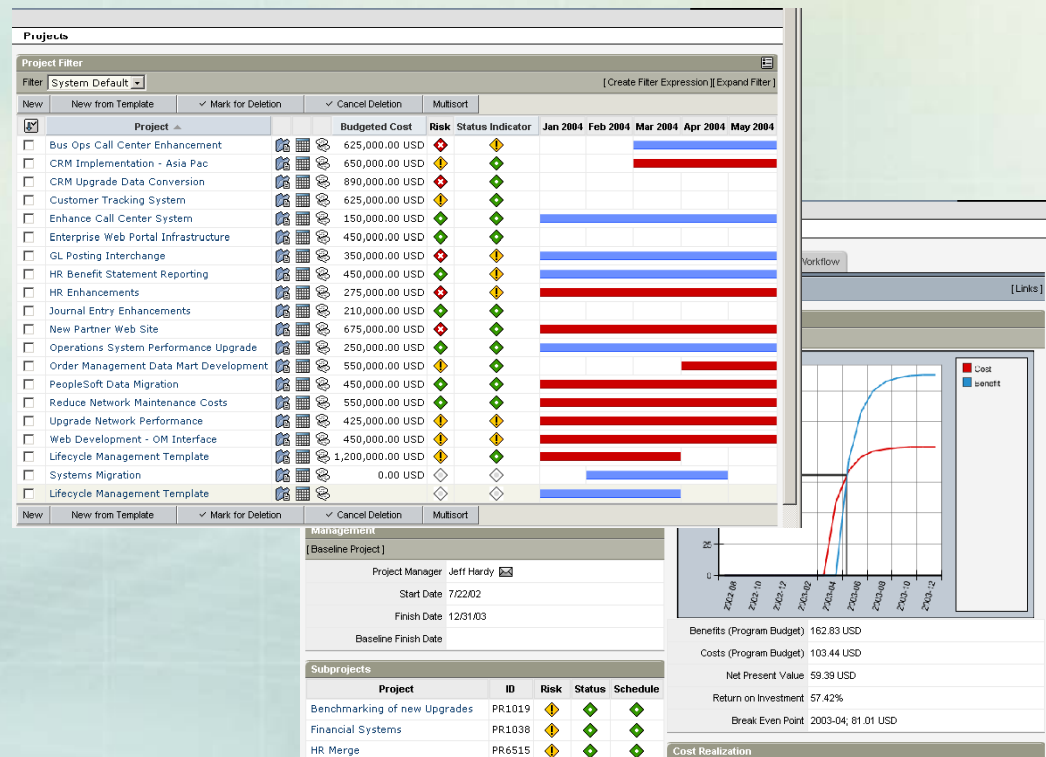
Key to Success: Executive Program Visibility

- Accurate real time data for improved decision making
- Capture all projects across the IT organization, both large & small
- Visibility enables resource management across the enterprise allowing tradeoffs for diminishing budgets

Projects										
Project Filter										
Filter: System Default [Create Filter Expression] [Expand Filter]										
New New from Template ✓ Mark for Deletion ✓ Cancel Deletion Multisort										
<input checked="" type="checkbox"/>	Project ▲		Budgeted Cost	Risk	Status Indicator	Jan 2004	Feb 2004	Mar 2004	Apr 2004	May 2004
<input type="checkbox"/>	Bus Ops Call Center Enhancement		625,000.00 USD	⬇️	⬆️					
<input type="checkbox"/>	CRM Implementation - Asia Pac		650,000.00 USD	⬇️	⬆️					
<input type="checkbox"/>	CRM Upgrade Data Conversion		890,000.00 USD	⬆️	⬆️					
<input type="checkbox"/>	Customer Tracking System		625,000.00 USD	⬇️	⬆️					
<input type="checkbox"/>	Enhance Call Center System		150,000.00 USD	⬆️	⬆️					
<input type="checkbox"/>	Enterprise Web Portal Infrastructure		450,000.00 USD	⬆️	⬆️					
<input type="checkbox"/>	GL Posting Interchange		350,000.00 USD	⬆️	⬆️					
<input type="checkbox"/>	HR Benefit Statement Reporting		450,000.00 USD	⬆️	⬆️					
<input type="checkbox"/>	HR Enhancements		275,000.00 USD	⬆️	⬆️					
<input type="checkbox"/>	Journal Entry Enhancements		210,000.00 USD	⬆️	⬆️					
<input type="checkbox"/>	New Partner Web Site		675,000.00 USD	⬆️	⬆️					
<input type="checkbox"/>	Operations System Performance Upgrade		250,000.00 USD	⬆️	⬆️					
<input type="checkbox"/>	Order Management Data Mart Development		550,000.00 USD	⬇️	⬆️					
<input type="checkbox"/>	PeopleSoft Data Migration		450,000.00 USD	⬆️	⬆️					
<input type="checkbox"/>	Reduce Network Maintenance Costs		550,000.00 USD	⬆️	⬆️					
<input type="checkbox"/>	Upgrade Network Performance		425,000.00 USD	⬇️	⬆️					
<input type="checkbox"/>	Web Development - OM Interface		450,000.00 USD	⬇️	⬆️					
<input type="checkbox"/>	Lifecycle Management Template		1,200,000.00 USD	⬇️	⬆️					
<input type="checkbox"/>	Systems Migration		0.00 USD	⬆️	⬆️					
<input type="checkbox"/>	Lifecycle Management Template			⬆️	⬆️					

Identify and Help Projects in Trouble and Facilitate Corrective Action

- Identify critical issues and assist in analysis
- Facilitate risk analysis
- Drive collective portfolio vs. per-project corrective action



Results of Effective IT Governance

CHAOS

- Poorly aligned initiatives and goals
- Media exposure for funding issues and project failures
- Sub-optimization of resources
- Ad-hoc / redundant processes
- Costly rework
- Hero-dependent culture
- Customer dissatisfaction
- Unknown return on investment
- Undetermined performance
- Data overload
- Wrong initiatives
- Wrong information
- Wrong decisions



RESULTS

- Reduced risk
- Decreased redundancy
- Projects strategically aligned
- All projects vetted against budget constraints
- Time/cost savings
- Higher quality
- Improved customer service
- Accountability
- Consistent delivery of services
- Faster, more informed decisions
- Initiatives aligned with department strategy
- Energized workforce

IT Governance Building Blocks

- Enterprise Program Management
- Process Improvement
- Performance Management
- Portfolio & Program Management
- Enterprise Architecture
- Acquisition Management

The Bottom Line

RESULTS MATTER



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Checklist for Success

- Get executive sponsorship.
- Set realistic goals – implement incrementally.
- Develop methodology and processes required to support initiative.
- Empower the PMO as your staffing function.
- Take advantage of supporting systems.
- Provide transparency to current portfolio status.
- Make reasoned decisions - evaluate fairly and consistently, use objective prioritization criteria, base decisions on facts.
- Take resource constraints into account.
- Make the tough decisions.
- Utilize Relationship Managers throughout.
- Regularly review and tune the portfolio.





Panelist Discussion

Christopher Cruz, California Department of Food & Agriculture

Titus Toyama, Franchise Tax Board

Steve Middlekauff, EDS



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CDEFA IT Governance Project Portfolio Approval Process

1

Business area develops IT project concept statement, submits to Division for approval

2

Division level approves concept statement, based on Governance Council guidelines, submits to AIO/CIO

3

AIO/CIO places project on Governance Council calendar

4

Governance Council reviews project statement, may solicit additional information from business group or Advisory Committee

5

Project statement forwarded to executive level for approval

6

Upon approval, FSR study team proceeds with study, completes FSR, ITPP and other required documents



Lessons Learned

- Allocate enough time to ensure the Configuration of the Clarity tool or any tool the you utilize meets your organizations specific needs
- Develop project documentation that fits your configuration
- Train your “Project Managers” early and train often so they buy into the tools that you select for Portfolio and Project Management

IT Governance at Franchise Tax Board

- FTB's Governance Model
- Why We Needed A Governance Framework
- What's the Value Added?
- My Perspectives on the CIO's Role
- Good Governance = $f(\text{IT} + \text{budget} + \text{HR} + \text{programs} + \text{legal})$

IT Governance at Franchise Tax Board

Governance and “Cultural Infrastructure”

- Success Depends on Vision and Values
- Collaboration at All Levels
- Enterprise Thinking
- Governance as the “software” for Leadership

Growing Good Governance

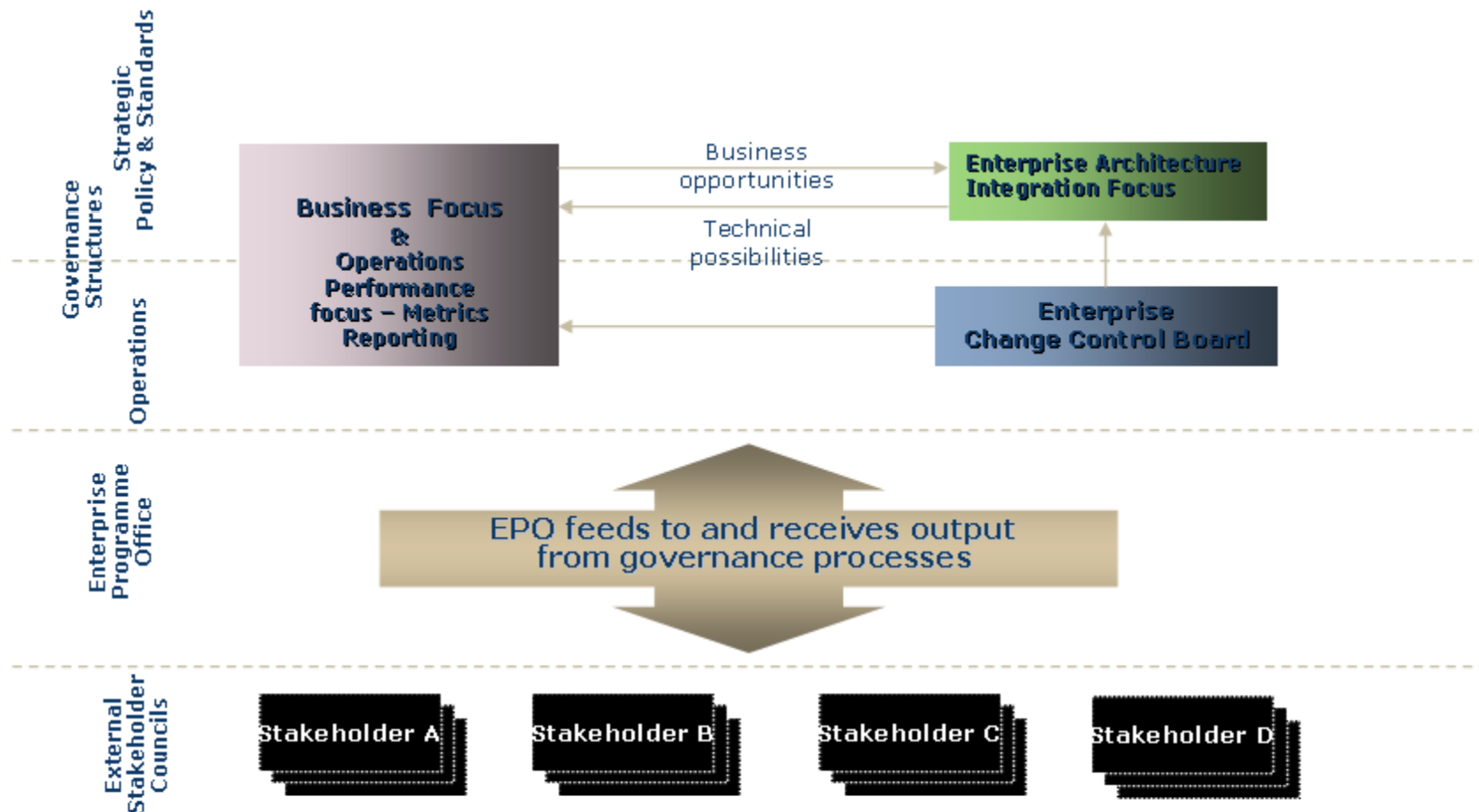
- Executive Commitment and Engagement
- Clear Framework, Processes, and Deliverables
- Buy in Across the Enterprise



IT Governance/Portfolio Management - CIO Academy

Enterprise Governance

The Governance will set policies and strategies while the Enterprise Programme Office (EPO) facilitates decision flows to and from stakeholders

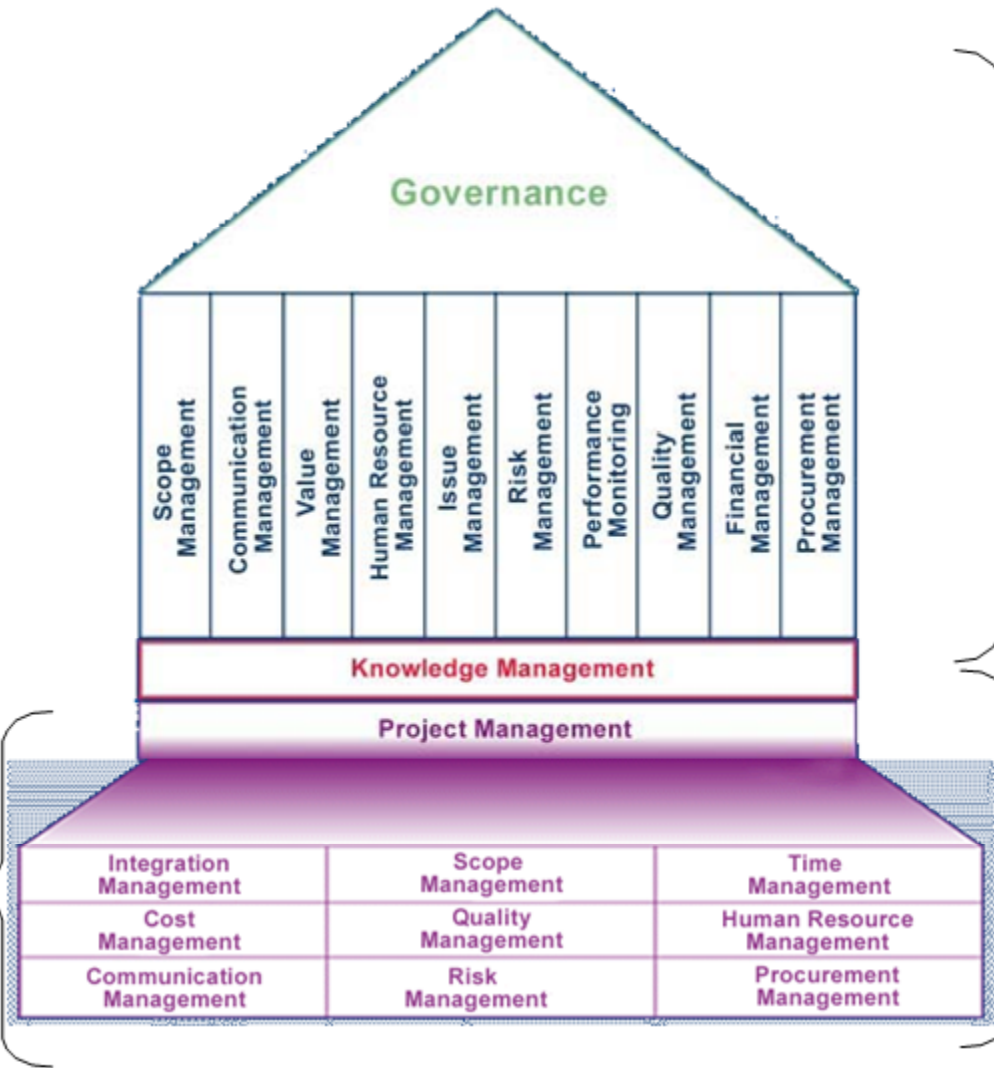


EDS Global Programme Management Architecture

Quality Assurance Audits & Reviews

Quality Assurance Audits and Reviews provide verification that:

- The project is following defined processes
- The deliverables are sound
- Occurs at scheduled and random intervals
- Detailed verification



Measures PPM Maturity

Programme Healthcheck
 The Programme Management Healthcheck verifies that programmes are following the *intent* of Global Programme Management Architecture

Project Health Check
 The Project Health Check verifies that a project is following a defined project management process