

JAMES A ROBERTSON AND ASSOCIATES
EFFECTIVE STRATEGIC BUSINESS SOLUTIONS



**INFORMATION TECHNOLOGY
GOVERNANCE AND STRATEGY SUMMIT**

29 and 30 May 2007

*Information Technology
The Harshes Judge of Governance*

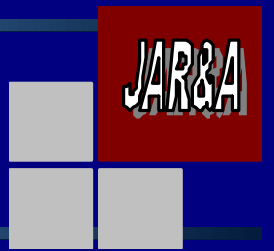
Dr James Robertson
Chief Executive Officer
James A Robertson and Associates

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AGENDA

I.T. THE HARSHEST JUDGE OF GOVERNANCE



1. Context -- what is strategy?
2. Governance is “care” -- I.T. failures will result in “Enron like” failures -- I.T. failure is at epidemic proportions
3. Why?
4. Computers are dumb adding machines -- they only do what they are told -- The Harshest Judge of Governance
5. How involved should executive management be in I.T. Strategy?
6. How to strategically position information technology within your organization

POSITIONING THIS PRESENTATION

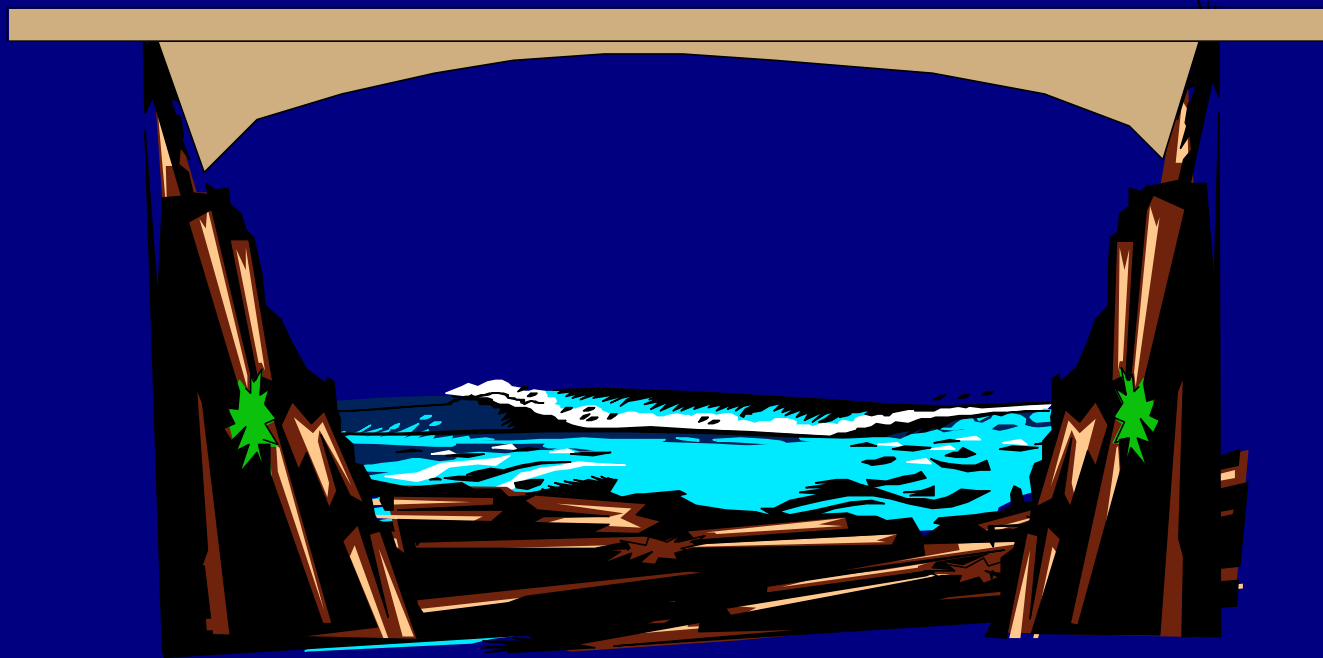
The logo for JAR&A, featuring the letters 'JAR&A' in a stylized, white, serif font on a red rectangular background.

1. Appropriate, well implemented information technology applications can add substantial value
2. Sometimes they can add dramatic value
3. Such I.T. solutions can be delivered successfully
4. Such I.T. solutions can be delivered economically and in realistic time frames
5. Doing it right is cheaper than doing it wrong
6. Doing it wrong is always more expensive than the client organization can afford
7. As evidence of my conviction that dramatic success is economically attainable it is important to note that I have spent most of my career seeking ways of getting it right first time reliably and sustainably

A CRITICAL PRINCIPLE FOR SUCCESS

Engineer Against Failure

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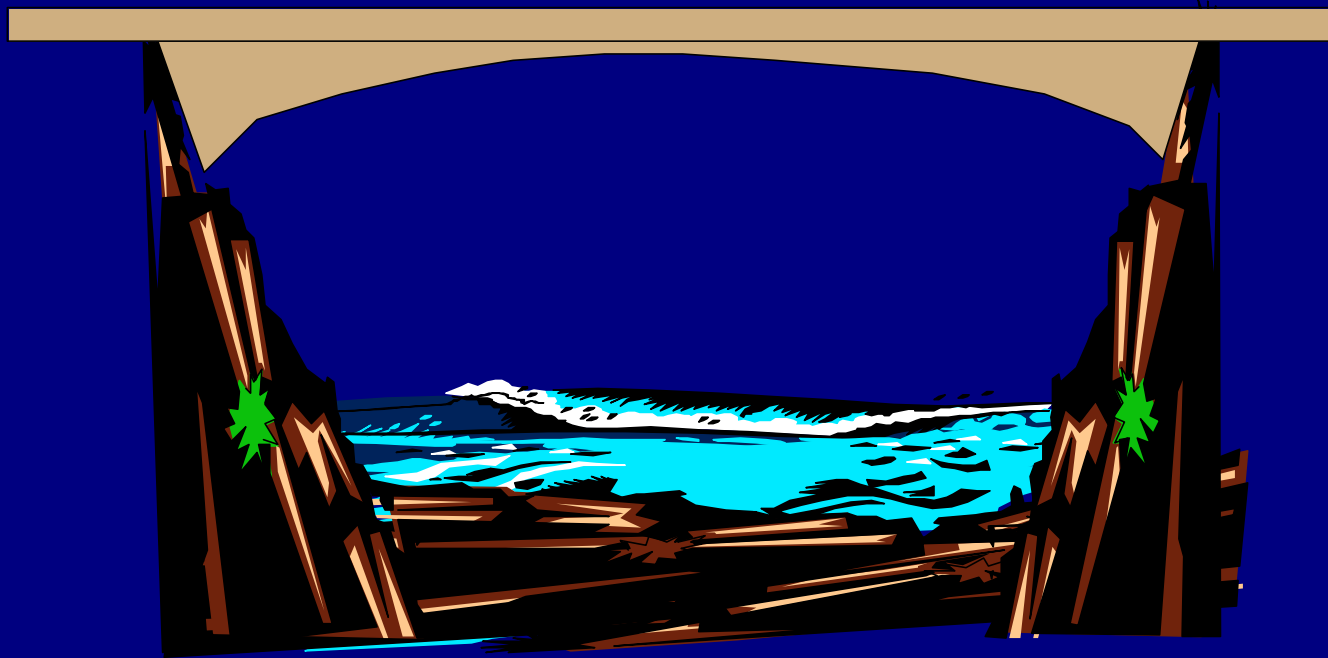


Engineers do NOT design bridges to stand up!

A CRITICAL PRINCIPLE FOR SUCCESS

Engineer Against Failure

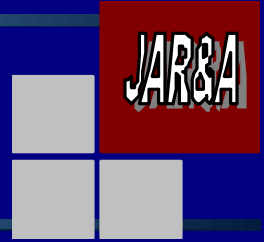
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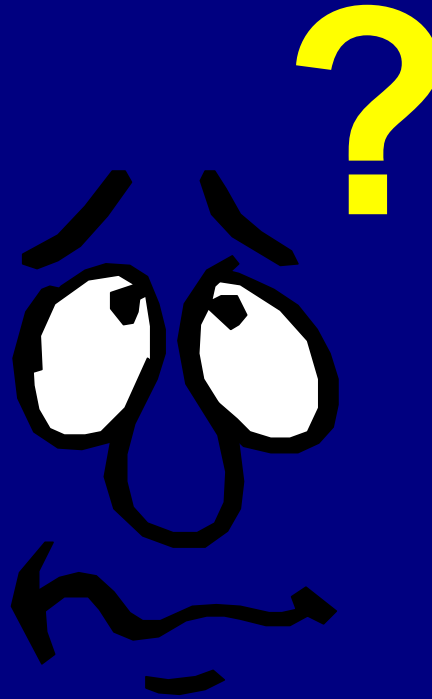
Engineers do not design bridges to stand up!

They design bridges NOT to fall down!

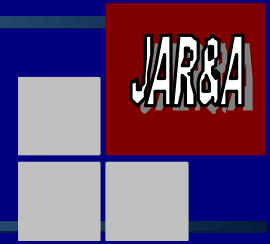
STRATEGY DEFINED



WHAT IS STRATEGY?



STRATEGY DEFINED

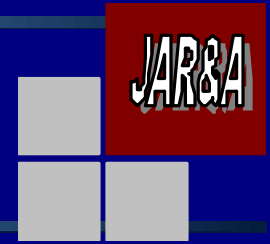


WHAT IS STRATEGY?

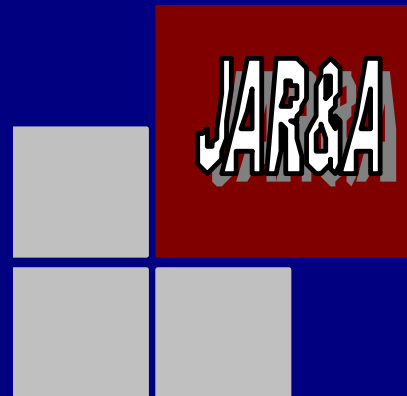
**The essence of why an organization exists
and how it thrives**

STRATEGY DEFINED

Professor Malcolm McDonald



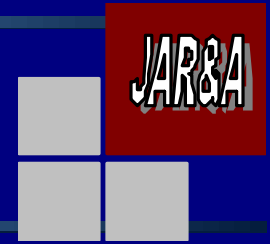
DOING THE RIGHT THINGS



Professor Malcolm McDonald
Cranfield School of Management

TACTICS DEFINED

Professor Malcolm McDonald



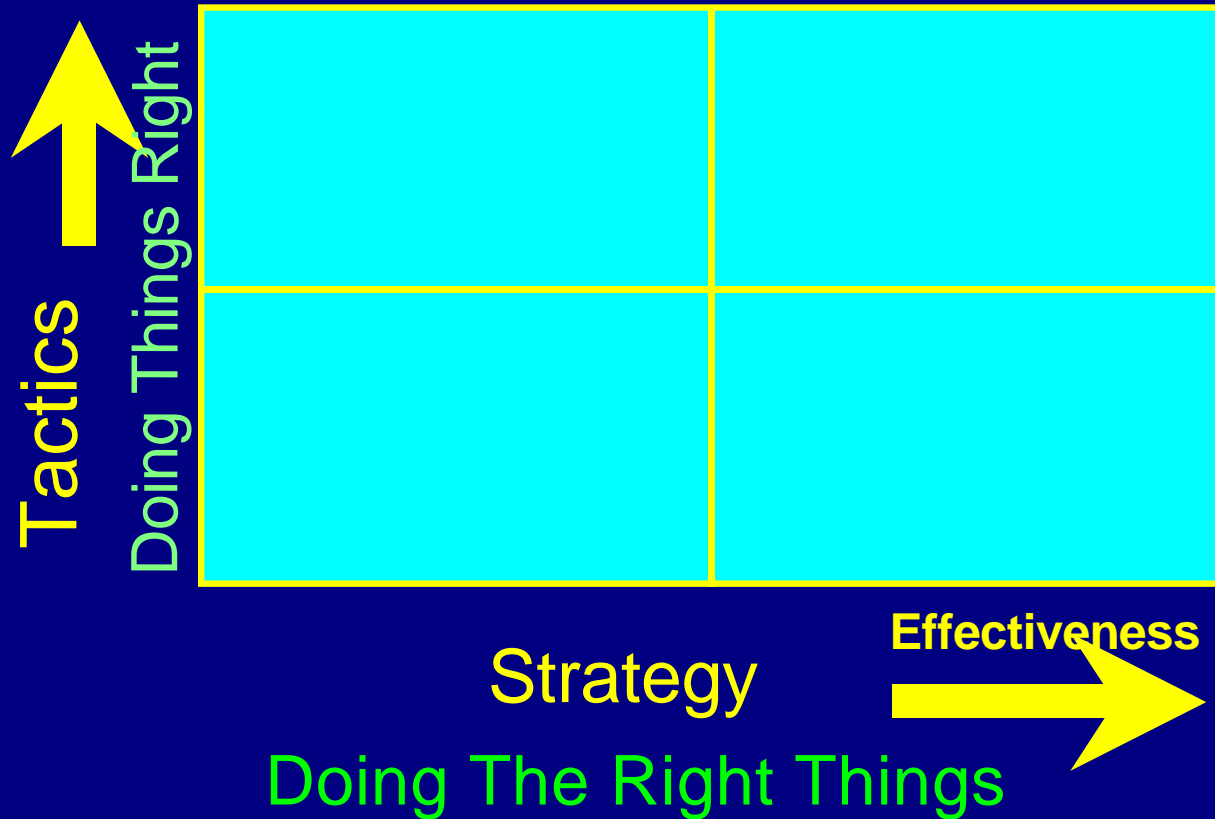
DOING THINGS RIGHT

Professor Malcolm McDonald
Cranfield School of Management

STRATEGY vs TACTICS : A DEFINITION

Professor Malcolm McDonald

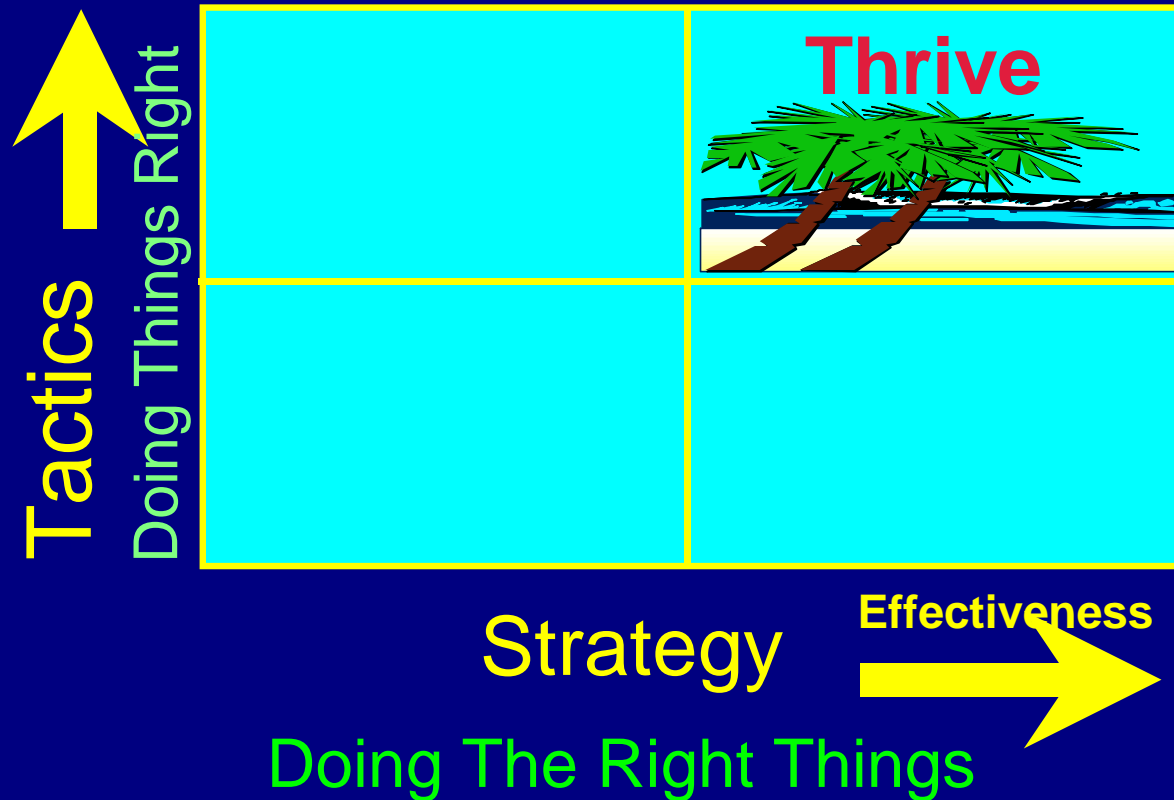
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STRATEGY vs TACTICS : A DEFINITION

Professor Malcolm McDonald

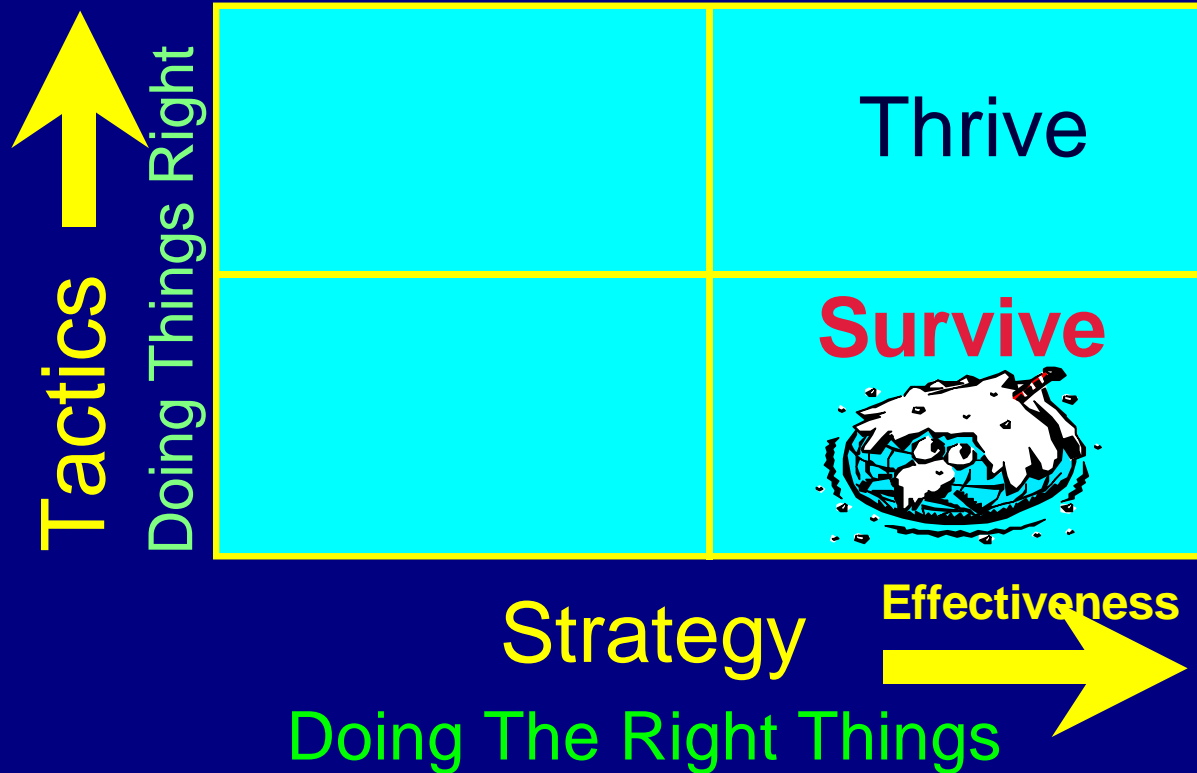
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STRATEGY vs TACTICS : A DEFINITION

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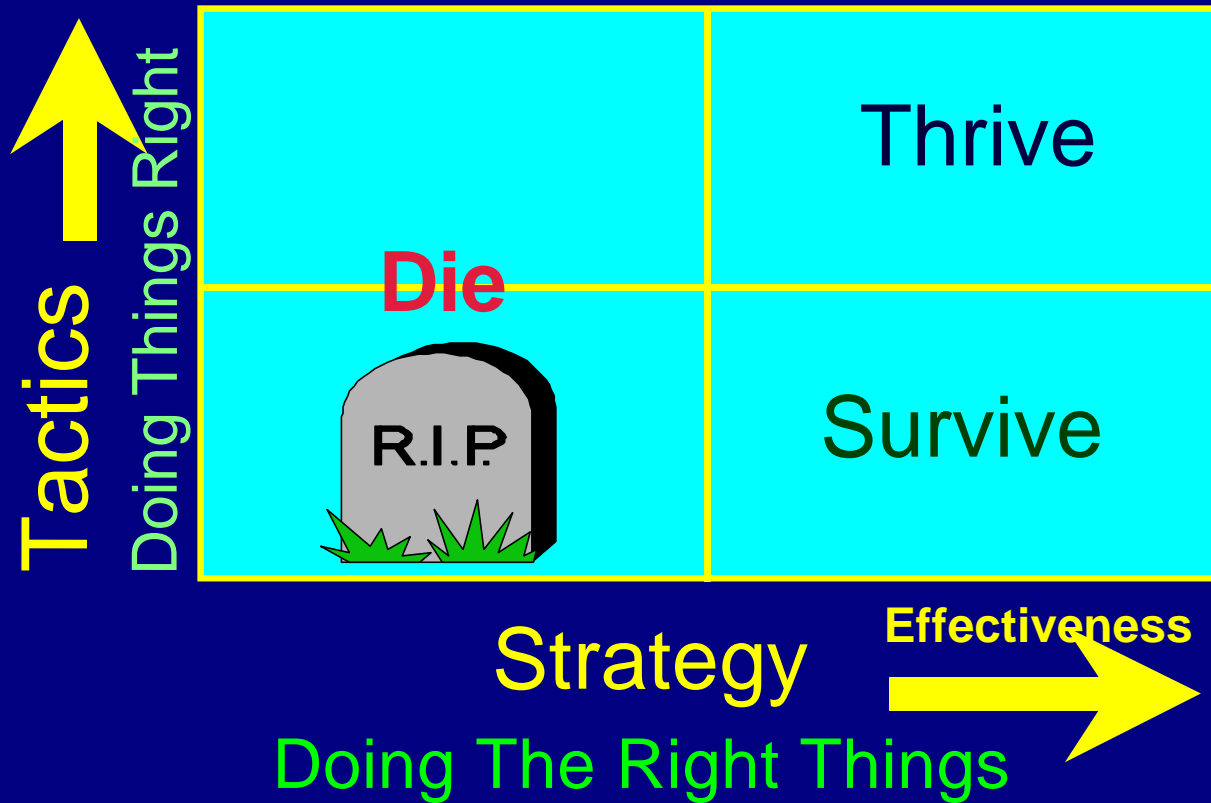
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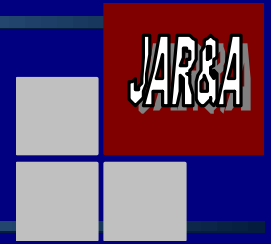


STRATEGY vs TACTICS : A DEFINITION

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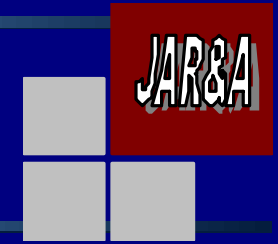
STRATEGY DEFINED



WHAT IS YOUR ORGANIZATION'S STRATEGY?

What is the essence of why your
organization exists and how it thrives?

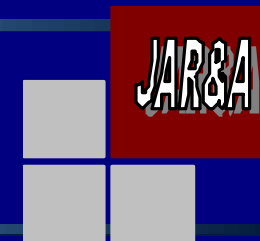
CONTEXT: INFORMATION TECHNOLOGY GOVERNANCE DEFINED BY KING



1. Governance = Care!
2. How does this company make money? What are our competitors doing? What can destroy our business? More satisfied employees. More Capital.
3. I.T. -- should we take something like COBIT and enforce or have certified managers?
4. Board is responsible for I.T. Systems and does it have effective control, part and parcel of strategic view.
5. Ultimate responsibility is business success. Balance conformance and performance. Legislation is NOT the recipe for good governance. Increased cost of running the business.

Presentation on "I.T. Governance" to the I.T. Governance and Strategy Summit on 22 August 2006 by Professor Mervyn King SC, former High Court Judge and author of the King reports on Corporate Governance. Free hand notes taken by J Robertson during the presentation.

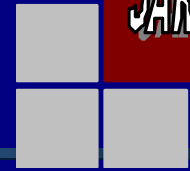
CONTEXT: INFORMATION TECHNOLOGY GOVERNANCE



1. "This [I.T.] is an area where boards of directors will be named in stockholder suits"
2. "Senior management is not engaged enough in strategic information technology decisions and situations that could put the company at risk."
3. "Information systems could cause the next outbreak of Enron-like corporate scandals."
4. "I.T. is the next corporate disaster waiting to happen"

"Creating an IT Watchdog for the Board by Assembling an I.T. Oversight Committee" presented to the I.T. Governance and Strategy Summit by Professor Rossouw von Solms of Nelson Mandela Metropolitan University quoting Richard Nolan of Harvard Business School in Harvard Business Review

CONTEXT: INFORMATION TECHNOLOGY



1. Major I.T. Write-Offs

- After spending seven years and close to half a billion dollars implementing a mainframe E.R.P. system, the Dow Chemicals Co stopped and started over with a client-server version
- Nike -- \$400 million against their supply chain management system
- Disney -- \$878 million against its go.com web portal
- Kmart -- \$195 million against supply chain hardware and software
- Gateway -- R143 million against I.T. projects no longer fitting its strategy

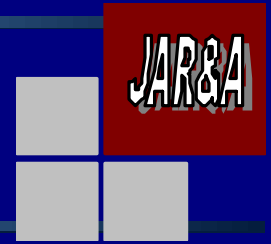
“Creating an IT Watchdog for the Board by Assembling an I.T. Oversight Committee” by Professor Rossouw von Solms of Nelson Mandela Metropolitan University at the IT Governance and Strategy Summit

2. “I.T. Efficiency and Effectiveness are Waning”

3. “85% of problems are caused by I.T. changing something”

“Achieving I.T. Governance Through Service Management and Transformation” by Alkesh Patel, IBM Global Technology Services speaking at the IT Governance Summit

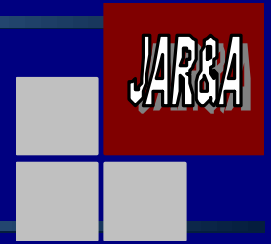
CONTEXT: INFORMATION TECHNOLOGY AN INDUSTRY CHARACTERISED BY FAILURE



1. **Seventy percent of I.T. investments fail TOTALLY**
2. Another twenty percent fail to fully satisfy the original business requirement
3. *"19 out of 20 E.R.P. implementations do not deliver "what was promised"*
McLeod (FM)
4. Ninety percent of strategic plans fail
5. Seventy percent of B.P.R. investments fail
6. *"Most organisations are not making better decisions than they did five years ago."*
Gartner



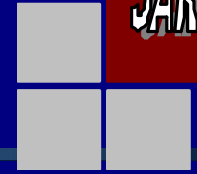
THE HARSHTEST JUDGE



Why?

CAUSES OF INFORMATION TECHNOLOGY INVESTMENT FAILURE

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65%

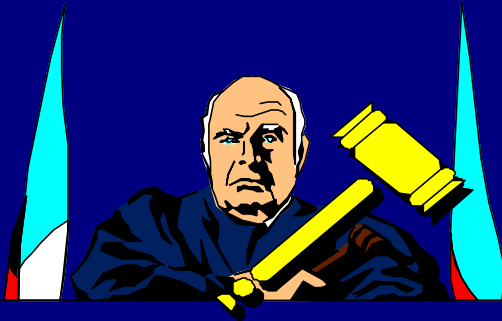
1. Information technology mythology (30%)
2. Lack of executive custody and inappropriate policies (20%)
3. Lack of strategic alignment (15%)
4. Lack of an engineering approach (12%)
5. Poor data engineering (10%)
6. People / soft issues (8%)
7. Technology issues (5%)

The first three require quality decisions and limited time

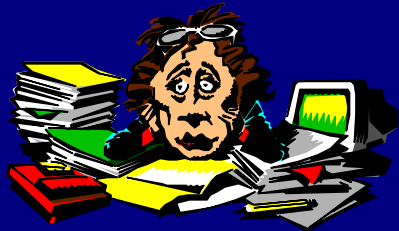
WHERE IN THE WORLD IS I.T. GOING?

WHERE SHOULD WE FOCUS OUR ATTENTION?

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1. Dramatic failures, litigation and legislation (5%)
2. Software company shake outs (6%)
3. Long software product life spans (7%)



4. Less is more (10%)
5. Executives take custody (20%)

Radical redefinition
of the industry



Leading edge
technology mothballed

6. Emphasis shifts to decision support (22%)
7. Corporate level solution innovation (30%)



Run of the mill
technology = worlds
most successful aircraft

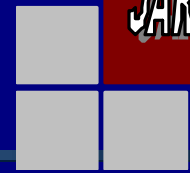
A challenging and exciting place to be

MANAGEMENT FOR SUCCESS

FOUNDATIONS OF THE APPROACH



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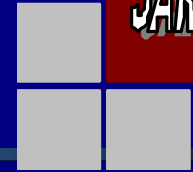
1. Buildings stand up, aircraft fly, ships float, machines work, motor vehicles operate, houses keep out the weather, etc
2. Expect the same level of reliability from I.T.
3. A successful solution is one that does NOT FAIL

Reliably -- AND
people know
how to use
them
effectively and
profitably

Success = getting to "NOT failure"

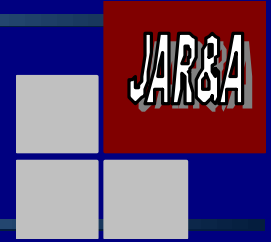
THE CRITICAL FACTORS FOR SUCCESS

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1. **Executive Custody (25%)**
 2. **Strategic Solution Architecture (18%)**
 3. **Strategic Alignment (16%)**
 4. **Business Integration and Optimization (14%)**
 5. **Programme and Project Management (12%)**
 6. **Data Engineering / Information Management (10%)**
 7. **Technology Components (5%)**
- 59%

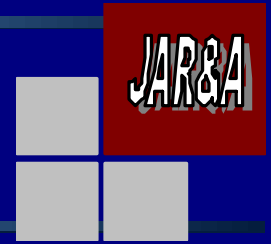
COMPONENTS OF ACHIEVING EXECUTIVE CUSTODY



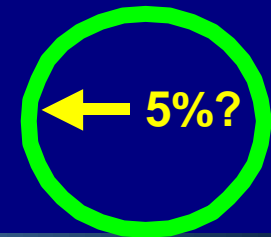
1. Engagement
2. Leadership
3. Prove it works
4. Make it work

Executive Custody is an attitude, a state of mind, NOT a large amount of work

CRITICAL FOCUS AREAS OF EXECUTIVE CUSTODY



1. Creating and delivering value to customers
2. Differentiating from competitors
3. Motivating and leading personnel
4. Meeting and exceeding owner expectations
5. Building exceptional partnerships with suppliers
6. Integrating and optimizing the business
7. Day to day operational efficiency and effectiveness



ESSENTIAL TECHNOLOGY KNOWLEDGE

COMPUTERS ARE ADDING MACHINES / SWITCHES

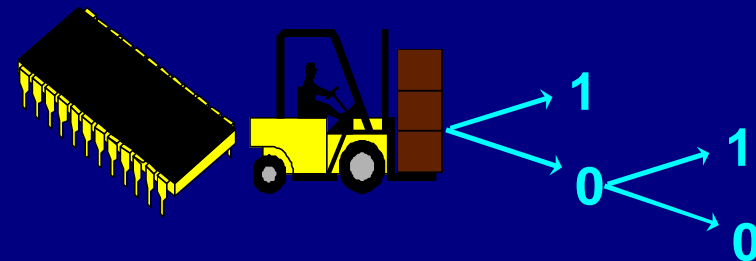
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1. Computers Switch / Add 0's and 1's (bits)

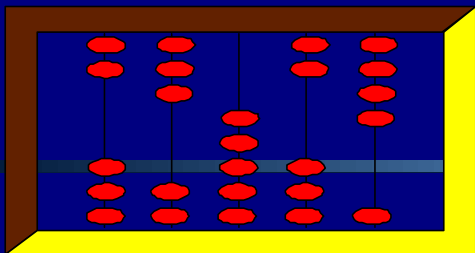
everything --> 10011010...

2. ASCII "carriage return" = 013 = 0D hex
z = 112 = 7A hex

3. Computer Processors are Machines



4. Programmes and Data Stored in Memory (RAM) as a Stream of 0's and 1's (Absolute and Relative Addressing)



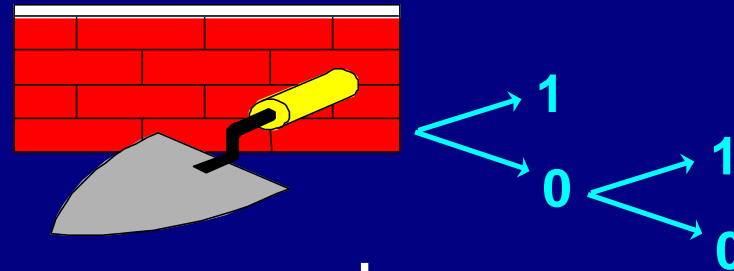
0
1
1
0
0
1
1
1
1
0
0
0
1
0
1

ESSENTIAL TECHNOLOGY KNOWLEDGE

COMPUTERS ARE ADDING MACHINES / SWITCHES

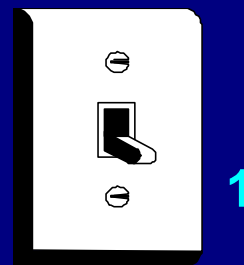
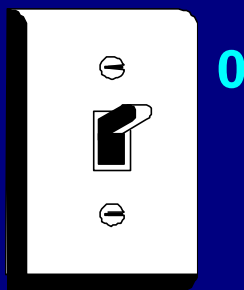
5. Development Languages Translate Human Language to 0's & 1's

- Like automated bricklayer
 - setting switches
 - Modular software structure
 - Reusable building blocks



6. Computer does NOT know what language was used

IF(X=1, THEN Z, ELSE B)
--> 011110101010101...



it is the POSITION of the switch that matters

0
1
1
1
0
0
1
1
1
1
0
0
0
0
1
0
1

ESSENTIAL TECHNOLOGY KNOWLEDGE

COMPUTERS ARE ADDING MACHINES / SWITCHES

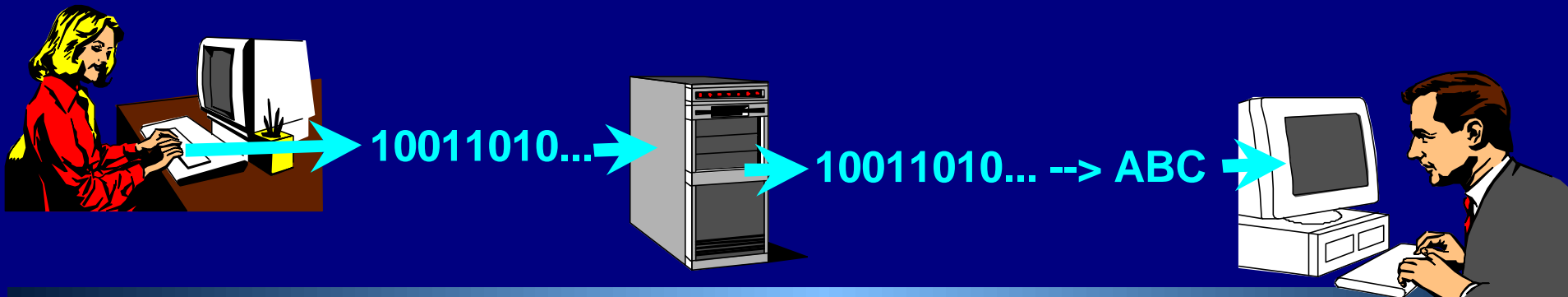
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7. Computers Are Predictable ("Stupid")

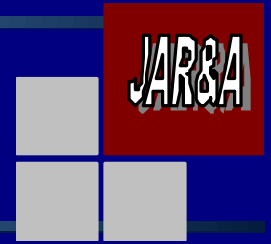
8. The Challenge of Abstractness "Invisibility"



9. Humans Provide Input and Interpret Output

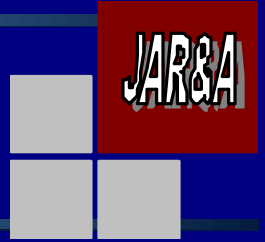


EXECUTIVE INVOLVEMENT



How involved should executive management
be in I.T. Strategy?

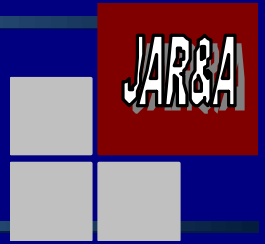
EXECUTIVE INVOLVEMENT



**How involved should executive management
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**How involved should executive management
be in business strategy?**

EXECUTIVE INVOLVEMENT



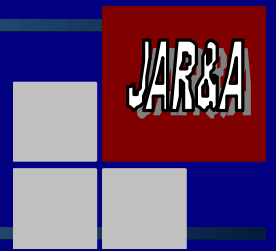
**How involved should executive management
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**How involved should executive management
be in business strategy?**

**Executive Custody is an attitude, a state of mind, NOT a
large amount of work**

HOW TO STRATEGICALLY POSITION I.T.

THE ESSENCE OF I.T. INVESTMENT SUCCESS



1. Determine why your organization exists and how it thrives -- one sentence -- and then core drivers and strategic map
2. Determine where I.T. is getting in the way
3. Modify accordingly
4. Determine where I.T. can be used by BUSINESS PEOPLE as a tool to assist the business in its endeavours to thrive
5. Procure or modify accordingly
6. Communicate a clear intention -- leadership
7. Make it work -- this is a business action

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Clear, concise, intuitive, cognitive thinking, communication and action by business executives -- the rest is grind by the business including the I.T. team

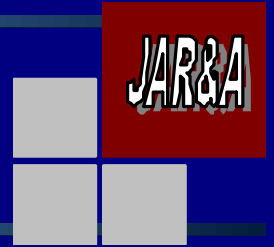
THE HARSHEST JUDGE OF GOVERNANCE

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CONCLUSION

1. Bad I.T. decisions can wreck your business
2. I.T. Strategy is a BUSINESS responsibility
3. I.T. Strategy is NOT about technology policy it is about business initiative
4. Definition of strategy should be a concise, high intensity, business executive activity
5. I.T. is a collection of tools and tools should work all the time
6. I.T. will harshly judge executives who abdicate responsibility
7. There is a huge opportunity for creative thinking to define concise ways for I.T. to add REAL VALUE in your organization!

ACKNOWLEDGEMENTS AND DEDICATION



I would like to acknowledge
the contributions and inputs of all my clients, associates, staff and families
without whom the work on which this presentation is based would not have
been possible

Particularly my father and mother, Angus and Thelma, whose love and
support for all my endeavours made it possible for me to gain this
knowledge and to Sandra and Helene for their unreserved love and giving

This presentation is dedicated to
The Glory of The Eternal Creator
who is the source and reason for our existence

*Psalm 136:5 "To Him who by wisdom made the
heavens, for His mercy endures forever;"*

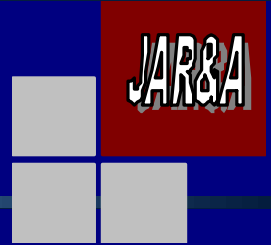
CALL TO ACTION

SOME QUESTIONS TO CONSIDER

1. What are the (three) most important insights you gained from this presentation?
2. What are the (three) most important actions you propose arising from this briefing?

Make notes

If you gain an insight into something new and do not take some action within 48 hours the chances are you never will ... attributed to Bill Gates



QUESTIONS ?



<http://www.jar-a.com>

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