

IT

By Charles Mandel

THE ESSENTIAL NEED FOR IT GOVERNANCE*Improved levels of service will be one of the benefits, says leading CIOs*

Stringent new regulatory requirements coupled with some high-profile problems in previous years are leading to a new focus on IT governance. The introduction of the Public Company Accounting Reform and Investor Protection Act — known as Sarbanes-Oxley (SOX) — and its Canadian equivalent Bill C-198 are aimed at financial compliance. However, corporations are looking to CIOs for solutions. At the same time, missed critical earnings targets and misstated revenues have also been viewed as lapses in IT governance.

Within that context, CIOs are debating what form such governance should take, how stringent it should be and whether it's even necessary. Andrew Morrissey, an I.S.P. and Vice-President of IT for Atlantic Region, Allstream Inc., says he sees the need for businesses to put governance in place because the legislative changes are creating new initiatives. "These key initiatives, if not driven with a clear vision and alignment of goals, won't get completed on time or properly."

Morrissey believes IT governance will lead to improved levels of service. To improve, IT departments must understand what they're doing on behalf of the organization and build metrics around how those goals get carried out. "It's basically taking a step back and looking at: What do we need? How do we need to deliver that? What the expectations and requirements, and then what organization is in place to put that together?"

Akhil Bhandari, Chief Information Officer and Vice-President of Information Technology for CCL Industries, contends IT should be like a basic utility, always operating and never noticed. "We don't worry about the telephone. We don't worry about electricity," he says. But in terms of governance, IT hasn't quite reached

the stage where it can be ignored like a basic utility. Bhandari says it still requires focus and attention as to how it should be managed within an organization.

Bhandari says IT governance involves several things. "When we talk about governance, it is how IT should be organized within a corporation. How are the investment decisions made? What are the performance metrics for IT?" Technical performance alone should not drive IT governance, Bhandari says. Rather, it needs to be tied back to best business practices and the innovative use of processes.

No one disputes that IT should bolster a business's bottom line. Where debate occurs is over how stringently IT should be regulated.

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Slavin points out that if the subject of Y2K, viruses and other things gain you entrance into the CEO's office and his or her attention, then take it as an opportunity to introduce the topic of the importance of IT to an organization's success. From that perspective, Slavin says she can see talking about how the IT team can drive sales and profit, and "by the way, FYI, we need to be doing some work over here around SOX."

On the other hand, Slavin notes, she can't see the opposite approach working, where she says I need you to sign compliance forms for

OBSERVES JOHNSON & JOHNSON'S MARY JANE SLAVIN:

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Bhandari says he doesn't believe further legislation is required and that the goal is to ensure checks and balances with the work of IT being monitored not just by the IT department, but also by the company's business people.

Johnson & Johnson's Mary Jane Slavin, Vice-President, Company & Consumer Information Management CIO, says that she is "flummoxed" about the conversation over IT governance. She sees the discussion in two parts, one about governance, the second about the alignment of resources. "Frankly," she says, "I want to have the conversation about the alignment of resources. Are we putting the

SOX," and then have the CEO say, 'And what else can you do for me?' It's just not going to happen. I'd rather have the business building conversation and by that also uphold my fiduciary responsibility around compliance. You have to do both, but it's what do you want to lead with?"

Brian Chan, a CIO with Morneau Sobeco, says before SOX a number of IT controls already existed. SOX just puts it in the forefront, making the issue more visible. He believes there will always be someone in a policing role and that role can either be easy or difficult depending on the company culture. "It's a necessary process to ensure financial integrity is there."