



IT PORTFOLIO MANAGEMENT & IT CONTROLLING

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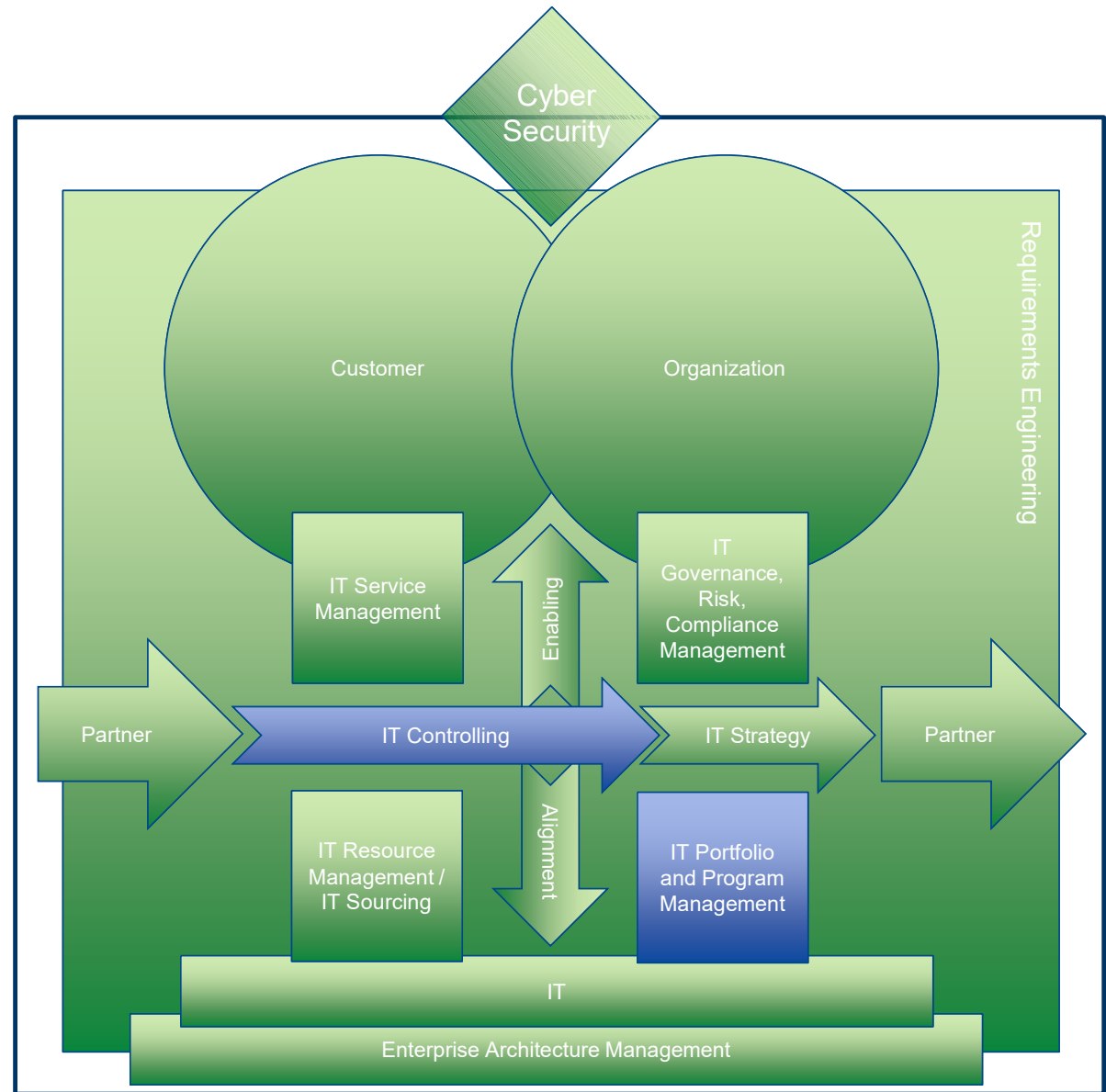
RECAP: IT MANAGEMENT TASKS

Strategic IT management (SITM) used to focus on the design, implementation, and operations of information technology and systems

Managing IT today is analogous to managing a company within a company

Mueller et al. (2009)

Resch (2020)

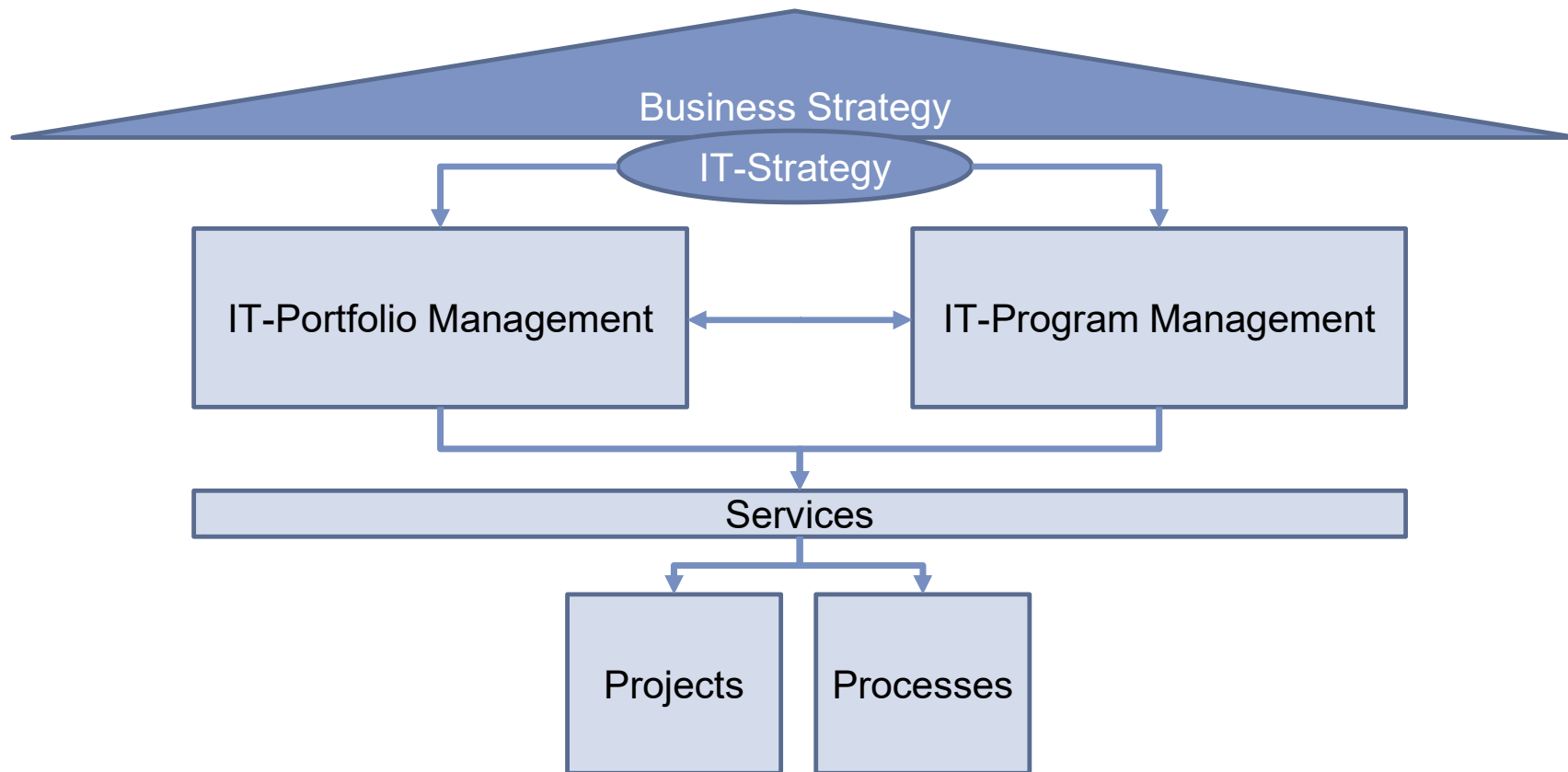


IT PROGRAM & PORTFOLIO MANAGEMENT

IT program and portfolio management describes how the service offering is to be derived and structured from the IT strategy.

Resch (2020)

IT PROGRAM & PORTFOLIO MANAGEMENT - CONTEXT



IT PORTFOLIO MANAGEMENT

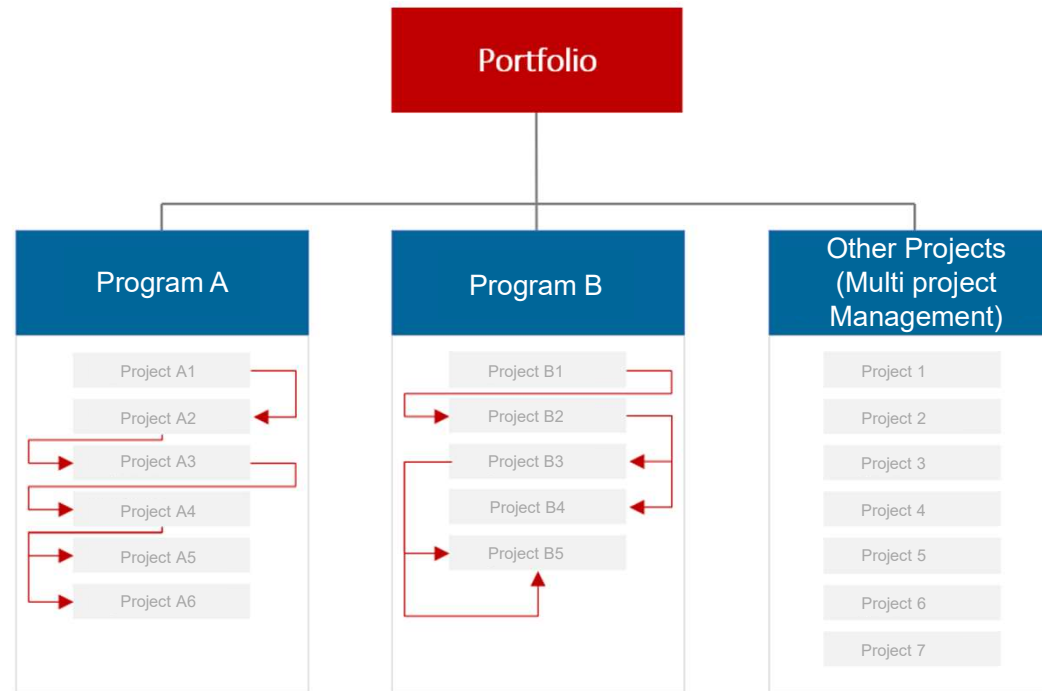
Financial Portfolio	IT Portfolio
All financial assets in a portfolio have a common "monetary" measure for returns	The "returns" can be defined in various ways for different IT assets E.g. reduction in operations cost, effective support to client-facing processes, competitive advantages
Procurement of assets is usually fast & easy in a relatively liquid market. Assets with required profile are readily available	Procurement of IT assets is a relatively slow process – they often need to be created in-house, implemented in phases and stabilize, before they can start delivering the promised returns
Low covariance between the assets in a portfolio implies diversification is an effective strategy for mitigation of non-systematic risk	Diversification is extremely difficult and usually pointless since the assets are highly interdependent and deliver returns only collectively

Source: Dileep Kasargod, Kalyan Chakravarthy Bondugula; Application Portfolio Management, White Paper Infosys, April 2005

Goal of IT portfolio management: Achieve an optimal mix of IT resources, IT applications & data, IT infrastructures, IT investments, IT services, and IT risks to support business goals

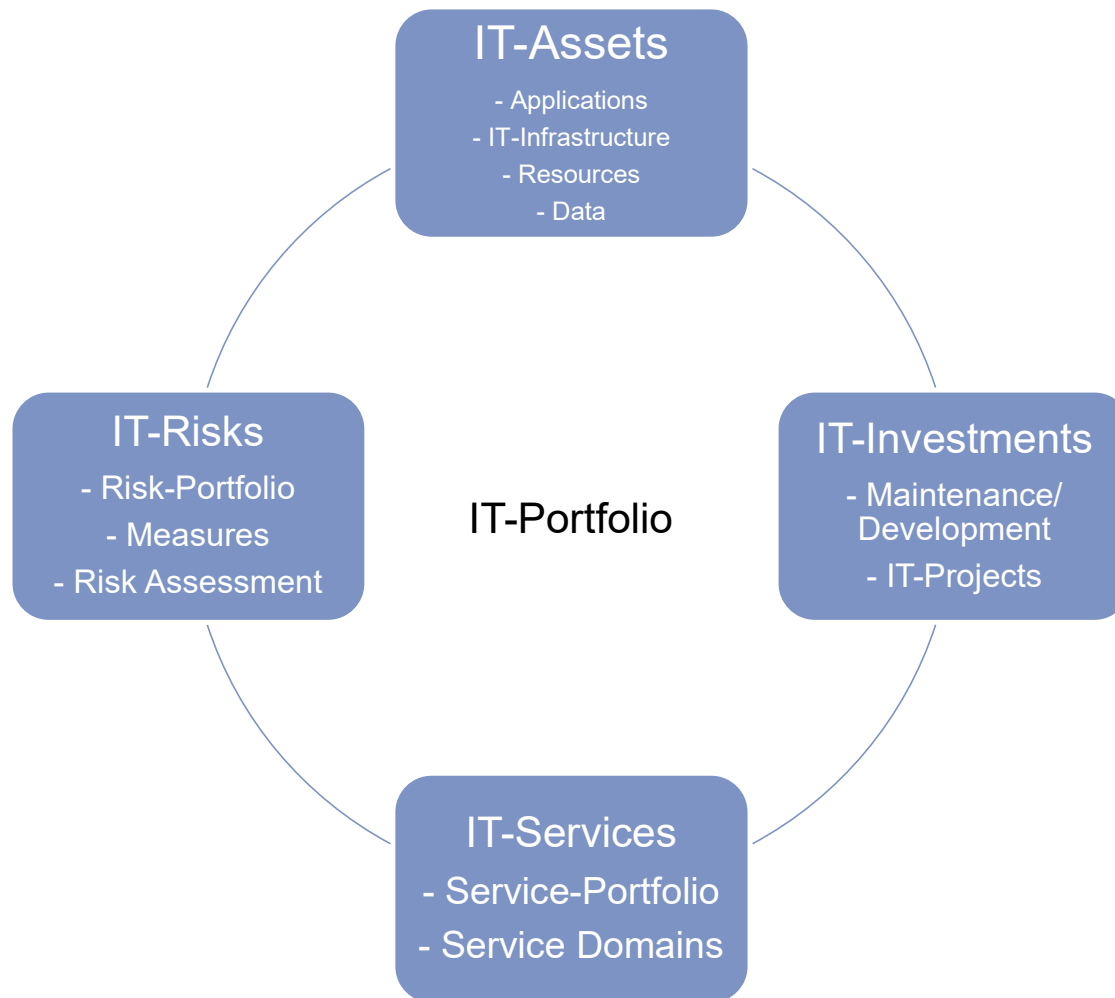
IT PROGRAM MANAGEMENT

Goal of IT program management: Summary and realization of individual services identified in IT portfolio management that are to be included in the IT portfolio



Source: <https://www.theprojectgroup.com/blog/erfolgreiches-programmmanagement>

IT PORTFOLIO MANAGEMENT – IT PORTFOLIO ELEMENTS



HOW CAN YOU DETERMINE IT PORTFOLIO ELEMENTS?

IT PORTFOLIO - DEPENDENCIES

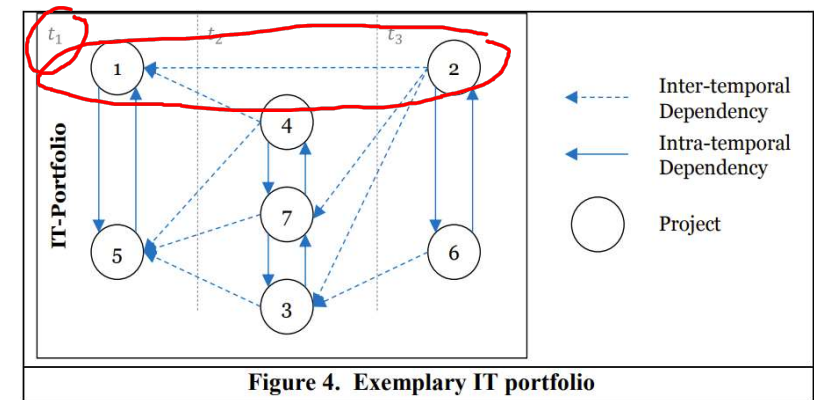
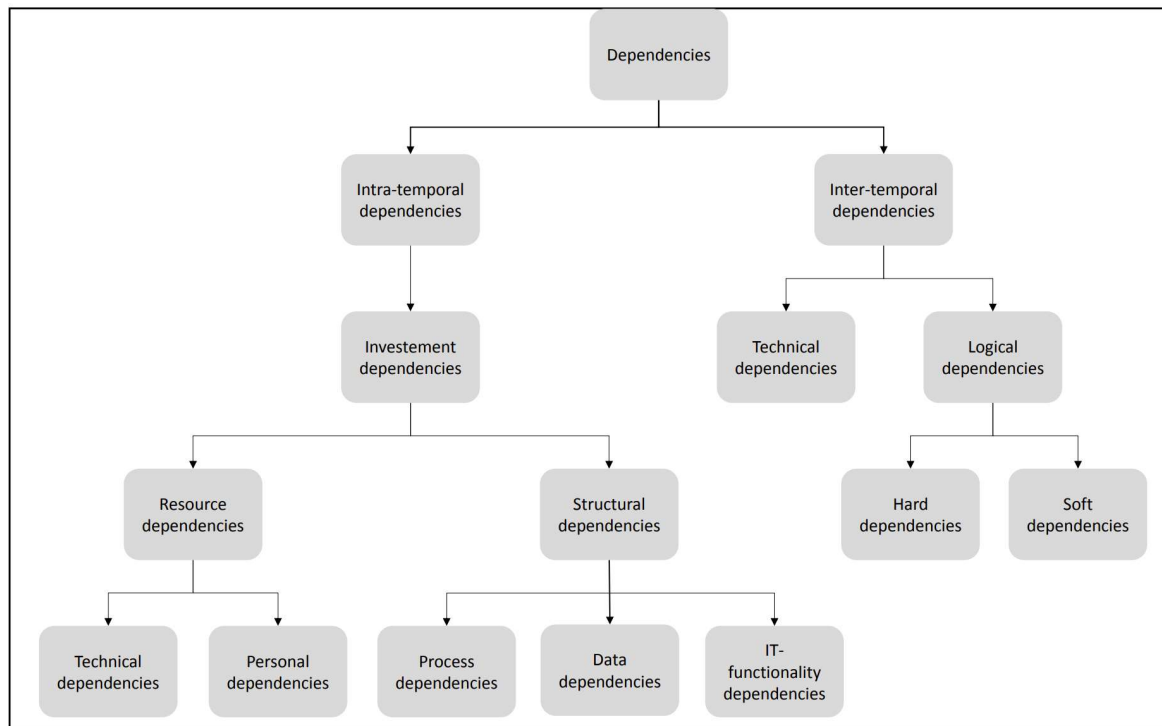


Figure 4. Exemplary IT portfolio

Beer et al. (2015)

IT CONTROLLING

IT CONTROLLING

IT controlling is responsible for IT cost and performance accounting, IT efficiency analysis and analysis of IT performance indicators, procedures for planning, analysis, forecast and decision support.

Gadatsch (2009)

IT CONTROLLING TASKS 1/2

Functions	Tasks
Planning	Support of IT strategy development and transformation
	Coordination of strategic and operational IT planning
	Preparation of annual and intermediate term plans
	Preparation of rules for the IT planning process
	Support of IT resource planning
	Preparation of internal contracts (service level agreements)
	Concept and implementation of an IT cost and performance accounting system
	Implementation of IT reporting and key performance indicator systems
Control	Intervention into IT processes in case of divergence of target and performance
	Coordination and control of set activities for correction and improvement of information management

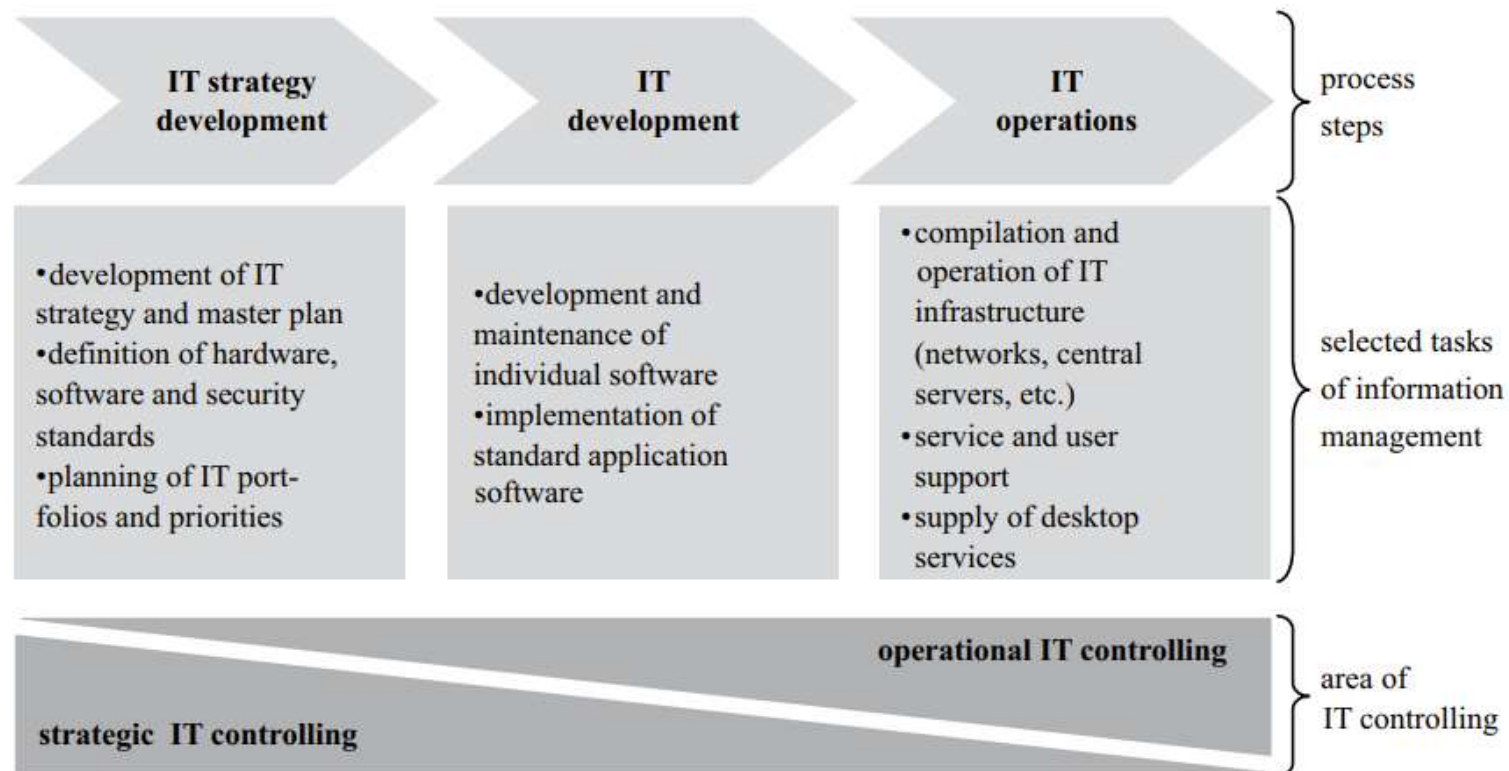
Gadatsch (2009)

IT CONTROLLING TASKS 2/2

Information	Analysis, annotation, check of plausibility and report of information Consultation concerning <ul style="list-style-type: none">– preparation of the IT strategy,– the IT cost and performance accounting,– all aspects of strategic and operational IT planning,– the use of new information technologies,– the setting of the IT architecture and IT principles,– the structure of the IT portfolio concerning the strategic relevance
Supervision	Target-performance comparison concerning <ul style="list-style-type: none">– the IT project handling,– the running and support of the IT,– the compliance with IT standards,– the supervision of all activities relating to IT risk management and IT security,– observance of the IT strategy and the IT portfolio
Other tasks	Benchmarking of methods, processes and service providers
	Identification and implementation of innovations and best practices
	Restructuring of the organizational structure and processes
	Economic control of outsourced processes
	and others

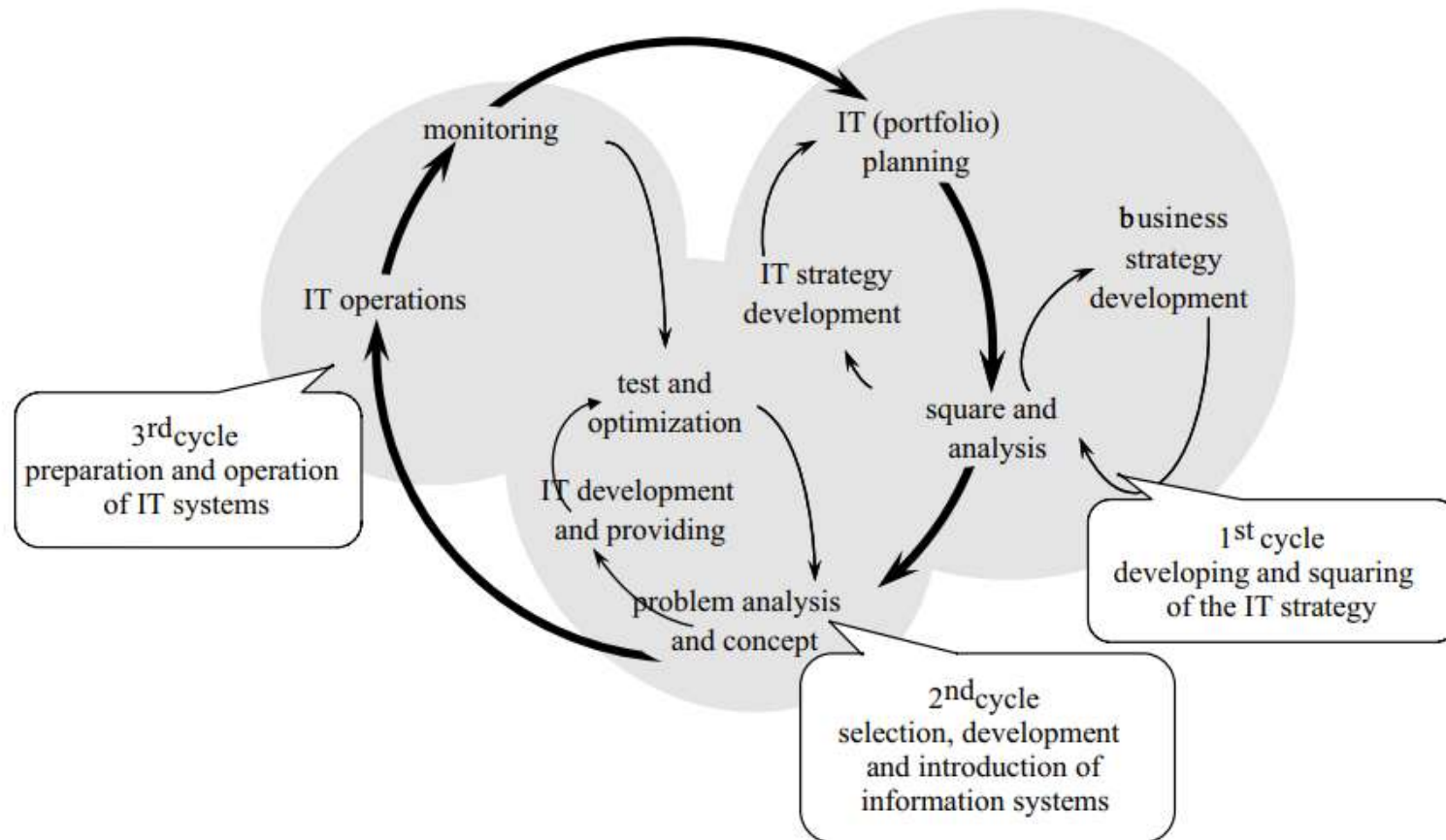
Gadatsch (2009)

IT CONTROLLING AS A PROCESS



Gadatsch (2009)

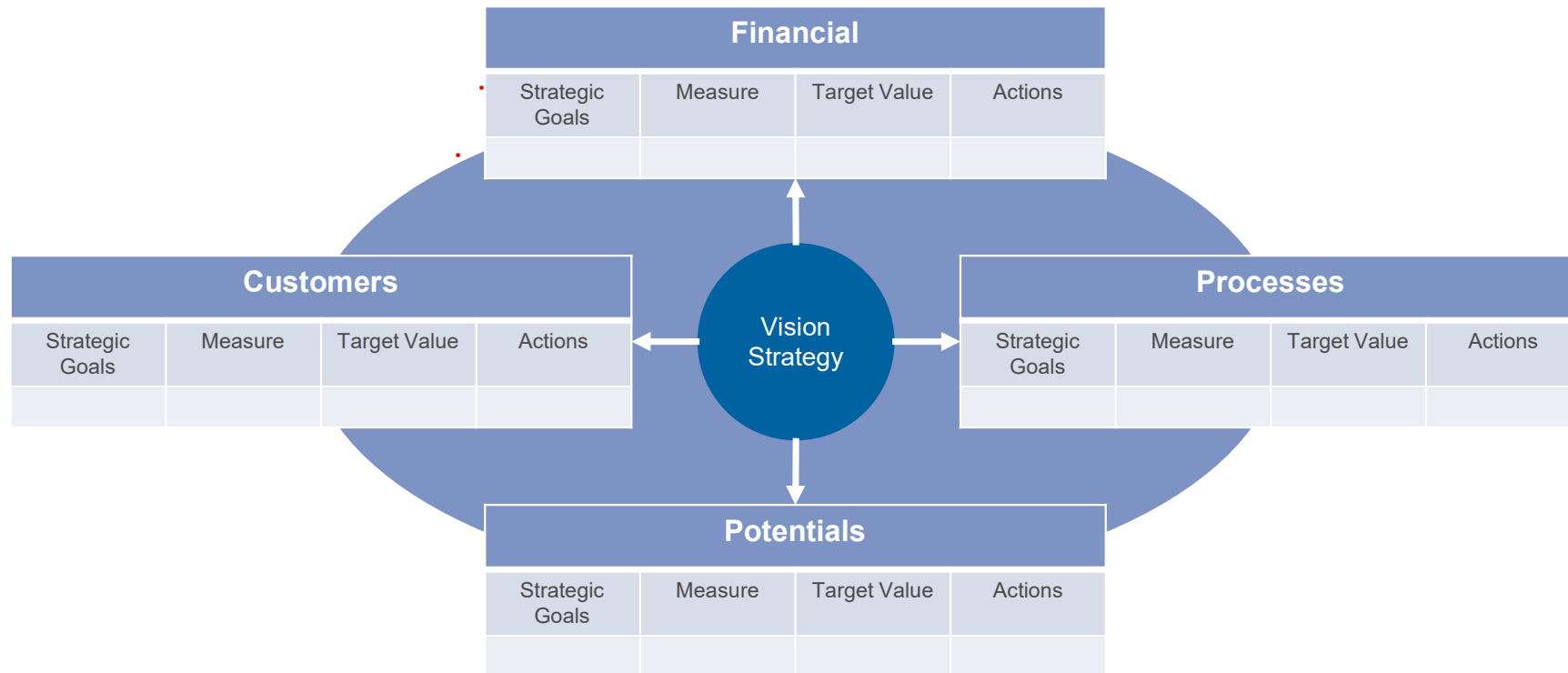
REFINED IT PROCESS MODEL



Gadatsch (2009)

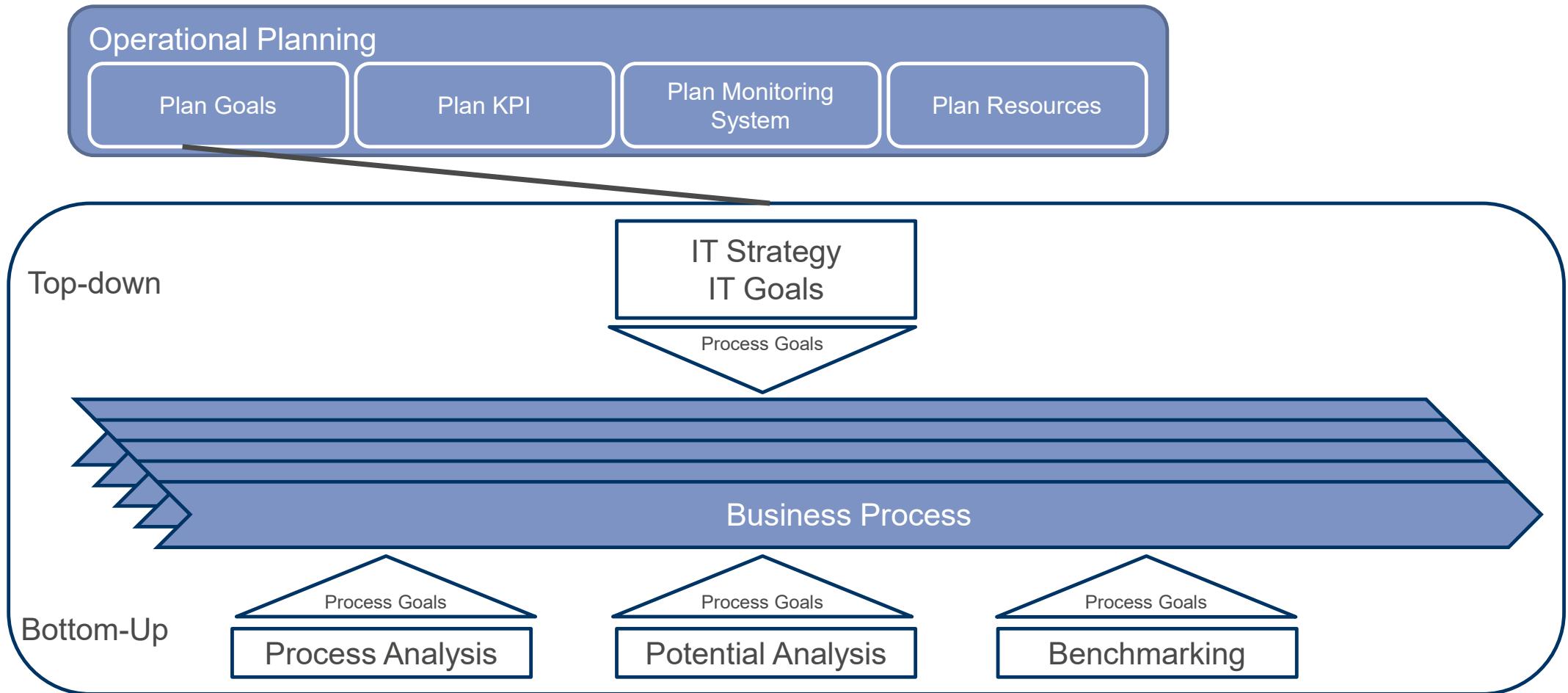
BALANCED SCORECARD

Find Strategy

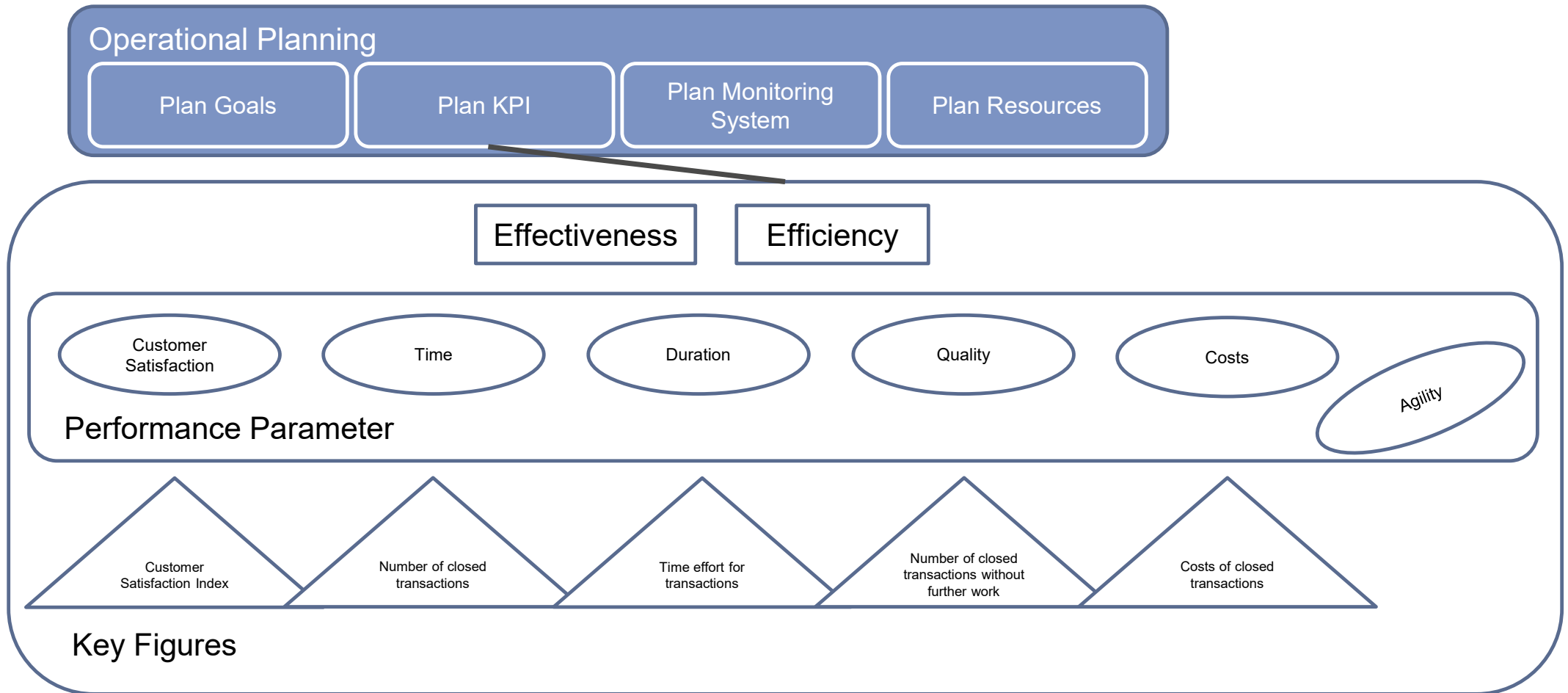


Operationalize Strategy

IT CONTROLLING – OPERATIONAL PLANNING



IT CONTROLLING – OPERATIONAL PLANNING



IT CONTROLLING – OPERATIONAL PLANNING



„ While the idea of measurement seems simple, we have consistently seen that companies face three obstacles when trying to measure: The first obstacle is knowing what to measure in the first place. The second obstacle is knowing how to measure. The third obstacle (probably the most formidable to us) is gaining management's commitment to follow up on the right measurements.“

(Harry und Schroeder, 2000, S. 139f.)

- Measured objects
- Measured variables
- Measuring points
- Measuring points
- Measuring cycles
- Measurement responsibility
- Measurement methods and tools
- Data requirements
- Recipients of measurement results



IT CONTROLLING – OPERATIONAL PLANNING

Operational Planning

Plan Goals

Plan KPI

Plan Monitoring
System

Plan Resources



ISO 9001:2015

- People: Competence and awareness
- Infrastructure: provision and maintenance
- Process environment: provision and maintenance
- Monitoring/measurement resources: provision to ensure valid and reliable results
- Knowledge of the organization: maintenance and provision
- Communication: about what, when, with whom, how, and who
- Documentation: anything that is appropriate as necessary for the effectiveness of the GPM system

LITERATURE

- Beer, Martina; Wolf, Thomas; and Zare Garizy, Tirazheh, "Systemic Risk in IT Portfolios – An Integrated Quantification Approach" (2015). ICIS 2015 Proceedings. 19.
- Gadatsch, A. IT Controlling – Concepts and Transformation into Practice. Bus. Inf. Syst. Eng. 1, 254–262 (2009)
- Resch, O.: Einführung in das IT-Management. Grundlagen, Umsetzung, Best Practice. 5th edn. Erich Schmidt Verlag, Berlin (2020)