Best Practices in Value Driven IT Financial Governance

Debates exist on the best way to measure value of IT investment. As pointed out by Jeffery and Leliveld (2004),[[1]](http://en.wikipedia.org/wiki/IT_portfolio_management#cite_note-0) companies have spent billions of dollars on IT investments and yet the headlines of mis-spent money are not uncommon.

At its most mature, IT Portfolio management is accomplished through the creation of Three portfolios:

* [Application Portfolio](http://management) - Management of this portfolio focuses on comparing spending on established systems based upon their relative value to the organization. The comparison can be based upon the level of contribution in terms of IT investment’s profitability. Additionally, this comparison can also be based upon the non-tangible factors such as organizations’ level of experience with a certain technology, users’ familiarity with the applications and infrastructure, and external forces such as emergence of new technologies and obsolescence of old ones.
* Infrastructure Portfolio - This For an organization's information technology, infrastructure management (IM) is the management of essential operation components, such as policies, processes, equipment, data, human resources, and external contacts, for overall effectiveness. Infrastructure management is sometimes divided into categories of systems management, network management, and storage management. The ability of organizations to exploit IT infrastructure, operations and management sourcing/service solutions not only depends on the availability, cost and effectiveness of applications and services, but also with coming to terms with solution providers, and managing the entire sourcing process. In the rush to reduce costs, increase IT quality and increase competitiveness by way of selective IT sourcing and services, many organizations do not consider the management side of the equation. The predictable result of this neglect is overpayment, cost overruns, unmet expectations and outright failure.
* [Project Portfolio](http://management) - This type of portfolio management specially addresses the issues with spending on the development of innovative capabilities in terms of potential ROI, reducing investment overlaps in situations where reorganization or acquisition occurs, or complying with legal or regulatory mandates. The management issues with project-oriented portfolio management can be judged by criteria such as ROI, strategic alignment, data cleanliness, maintenance savings, suitability of resulting solution and the relative value of new investments to replace these projects.

 portfolio management is its biggest advantage over investment approaches and methods. Other benefits include central oversight of budget, risk management, strategic alignment of IT investments, demand and investment management along with standardization of investment procedure, rules and plans. Other implementation methods include **(1) risk profile analysis** (figure out what needs to be measured and what risks are associated with it), **(2) Decide on the Diversification of projects**, infrastructure and technologies (it is an important tool that IT portfolio management provides to judge the level of investments on the basis of how investments should be made in various elements of the portfolio), **(3) Continuous Alignment with business goals** (highest levels of organizations should have a buy-in in the portfolio) and **(4) Continuous Improvement** (lessons learned and investment adjustments).

Maizlish and Handler (2007)[[3]](http://en.wikipedia.org/wiki/IT_portfolio_management#cite_note-2) provide a proven step-by-step methodology for applying IT portfolio management that has eight stages. In today's fast-paced world, waterfall approaches to delivering anything are proving to be less and less effective. Nonetheless, the eight stages are:

1. Developing an IT portfolio management game plan
2. Planning the IT portfolio
3. Creating the IT portfolio
4. Assessing the IT portfolio
5. Balancing the IT portfolio
6. Communicating the IT portfolio
7. Developing and evolving IT portfolio governance and organization
8. Assessing IT portfolio management process execution

There is no single best way to implement IT portfolio approach and therefore variety of approaches can applied. Obviously the methods are not set in stone and will need altering depending upon the individual circumstances of different organizations.

Corporate governance is the system by which companies are directed and controlled. The key elements of good governance are transparency, integrity, performance and conformance. committed to principle-based, value-driven corporate governance.

focuses on enhancing the business value of information technology through: the business of IT, governance between IT and internal/business users, development of sound [IT strategy](http://www.thehackettgroup.com/it-strategy/), management of demand and supply for resources, prioritization of investments and controls, IT performance measurement; implementation of proven strategies to reduce [IT costs](http://www.thehackettgroup.com/it-costs/)and the agility to scale and overall align with business objectives.

Our Corporate Governance system is how we direct and manage our business activities to optimise performance, achieve regulatory compliance and deliver value for customers.

Governance Outcome - Value-based processes with continuous improvements driven through our Strategic Plan.

committed to high standards of Corporate Governance and recognizes that it is a driver of value-driven leadership and high standards of accountability, transparency and ethics

Corporate governance is "the system by which companies are directed and controlled" (Cadbury Committee, 1992). It involves a set of relationships between a company’s management, its board, its shareholders and other stakeholders; it deals with prevention or mitigation of the conflict of interests of stakeholders.[[1]](http://en.wikipedia.org/wiki/Corporate_governance#cite_note-0) Ways of mitigating or preventing these conflicts of interests include the processes, customs, policies, laws, and institutions which have impact on the way a company is controlled.