



Chapter I

Structures, Processes and Relational Mechanisms for IT Governance

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ABSTRACT

In many organisations, Information Technology (IT) has become crucial in the support, the sustainability and the growth of the business. This pervasive use of technology has created a critical dependency on IT that calls for a specific focus on IT Governance. IT Governance consists of the leadership and organisational structures and processes that ensure that the organisation's IT sustains and extends the organisation's strategy and objectives. This introductory chapter records and interprets some important existing theories, models and practises in the IT Governance domain and aims to contribute to the understanding of IT Governance and its structures, processes and relational mechanisms.

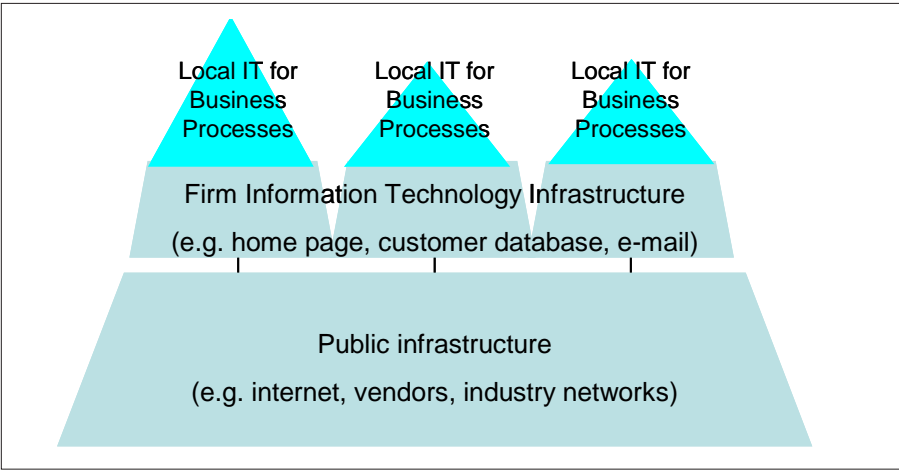
INTRODUCTION

Information Technology (IT) has become **pervasive** in current dynamic and often turbulent business environments. While in the past, business executives could delegate, ignore or avoid IT decisions, this is now impossible in most sectors and industries (Peterson, 2003; Duffy, 2002; Van Der Zee & De Jong, 1999). To emphasise this pervasiveness, Broadbent and Weill (1998) refer to three layers of the ‘new infrastructure’: local IT for business processes, firm IT infrastructure and public IT infrastructures (Figure 1).

The *Public Infrastructure* (Figure 1) is the foundation of the *New Infrastructure*, which is in turn linked to external industry infrastructures such as Internet, EDI networks, etc. This enables the business to communicate and do business with customers, suppliers, partners, etc. Together with the *Firm Information Technology Infrastructure*, such as e-mail, customer databases, etc., these infrastructures make up the *New Infrastructure*. The *New Infrastructure*, plus the local IT needed to perform business processes, can be defined as the *Firm Information Technology Portfolio*.

The *Information Technology Portfolio* not only has the potential to support existing business strategies, but also to shape new strategies (Henderson, Venkatraman, & Oldach, 1993; Henderson & Venkatraman, 1993; Guldentops, 2003). In this mindset, IT becomes not only a success factor for survival and prosperity, but also an **opportunity** to differentiate and to achieve competitive advantage. IT also offers a means for increasing productivity. Leveraging IT successfully to transform the enterprise and create products and services with added value has become a universal business competency (Guldentops, 2003). In this viewpoint, the IT department moves from a commodity service provider to a strategic partner, as illustrated by Venkatraman (1999) (Table 1).

Figure 1. The New Infrastructure



Broadbent, M. & Weill, P. (1998). Leveraging the New Infrastructure – How Market Leaders Capitalize on Information Technology. *Harvard Business School Press*.

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