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**Joint ECE/Eurostat/OECD Meeting on the Management of Statistical Information Systems (MSIS)**  
(Bratislava, Slovakia, 18-20 April 2005)

Topic (i): IT governance in statistical offices

## **IT-GOVERNANCE**

### **Invited Paper**

Submitted by Statistics Austria<sup>1</sup>

### **Summary**

#### **I. INTRODUCTION**

1. In 2004, "**IT Governance**" ranked among the topics most frequently mentioned at IT inquiries and conferences. In the age of numerous acquisitions & mergers, IT outsourcing- and out-tasking projects as well as programs of general cost reduction the question of optimal alignment, organization and management of IT arises. Numerous failed IT projects attest to the **difficulties** of enterprises, organizations and institutions to find the correct IT Governance for them.

#### **A. IT Strategic Alignment**

2. IT is evolving from a support tool into a source of competitive advantage. Continuous changes in surrounding strategic conditions raise the pressure on IT to change. However, companies' IT investments are often not aligned with the new strategic priorities. For IT to create sustained value, the development of the IT strategy must be closely linked with the business strategy. IT governance is the framework that provides guidelines and structures for defining and implementing an IT strategy. It manages the interaction of all players in the organization involved with IT. Also legal requirements and alignment with corporate governance demand systematic and integrated IT governance. Available standard IT governance and proprietary frameworks focus on various aspects and should be deployed in different companies and situations accordingly. Similar to any change process, fully **implementing** IT governance is a complex task and should be broadly anchored in the (IT) organization.

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## **B. IT Value Delivery**

3. In daily business, information technology is still seen mainly as cost. This, however, means ignoring the value added by IT. Focusing on cost alone is supported by the fact that IT cost are more or less transparent, while IT value-added cannot as easily be shown and managed. Nevertheless, the three other drivers of IT value-added – IT benefit, IT risk and IT capital employed are at least as important as IT cost. A fact some companies had to learn the hard way: after a total IT outage, or worse, a rapid loss of competitive advantage due to inadequate IT. The three levels of IT optimization are explained: (1) strategic optimization, (2) optimizing effectiveness, (3) optimizing efficiency. Concluding by introducing selected instruments for maximizing ITVA: IT controlling, IT metrics, IT benchmarking, IT accounting and chargeback and the IT balanced scorecard among them..

## **C. IT Macro-organization**

4. What is the optimal IT Organization? Factors such as central versus local or even federal are examined with regard to individual business and IT situations. Furthermore, the typical bodies and institutions in the IT external and internal organization are described. With respect to the key subject "sourcing", the IT Instruments Master plan, the IT Program Management as well as the specified Sourcing Strategy and the Sourcing Model are discussed. Experience has shown, that the description, agreement and transparent monitoring and control of the service quality are important factors for customer satisfaction and efficient IT service performance. Therefore, the aim and purpose of Service Level Agreements are also described as well as operational Service Level Management. Finally, IT Risk Management is considered with the help of the main functions: Operational Risk Management, Business Continuity Management, Security Management and IT Risk Controlling.

## **D. IT Micro-organization**

5. This chapter focuses on the remaining questions of the internal IT Organization such as:

- Organizational Structures;
- Processes;
- Management of Interfaces;
- Staff:
  - Staff acquisition and hiring;
  - Human resources development;
  - Staff motivation;
  - Resource controlling;
- Technology:
  - Challenges of technology management;
  - System architecture as frameworks for technology management;
  - Processes of technology management;
  - Roles;
  - Decision criteria and key data;
- Know-how:
  - Significance of the resource know-how
  - Categories of know-how
  - Management of build-up and use of know-how
  - Re-use culture
  - Transfer of know-how.

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