

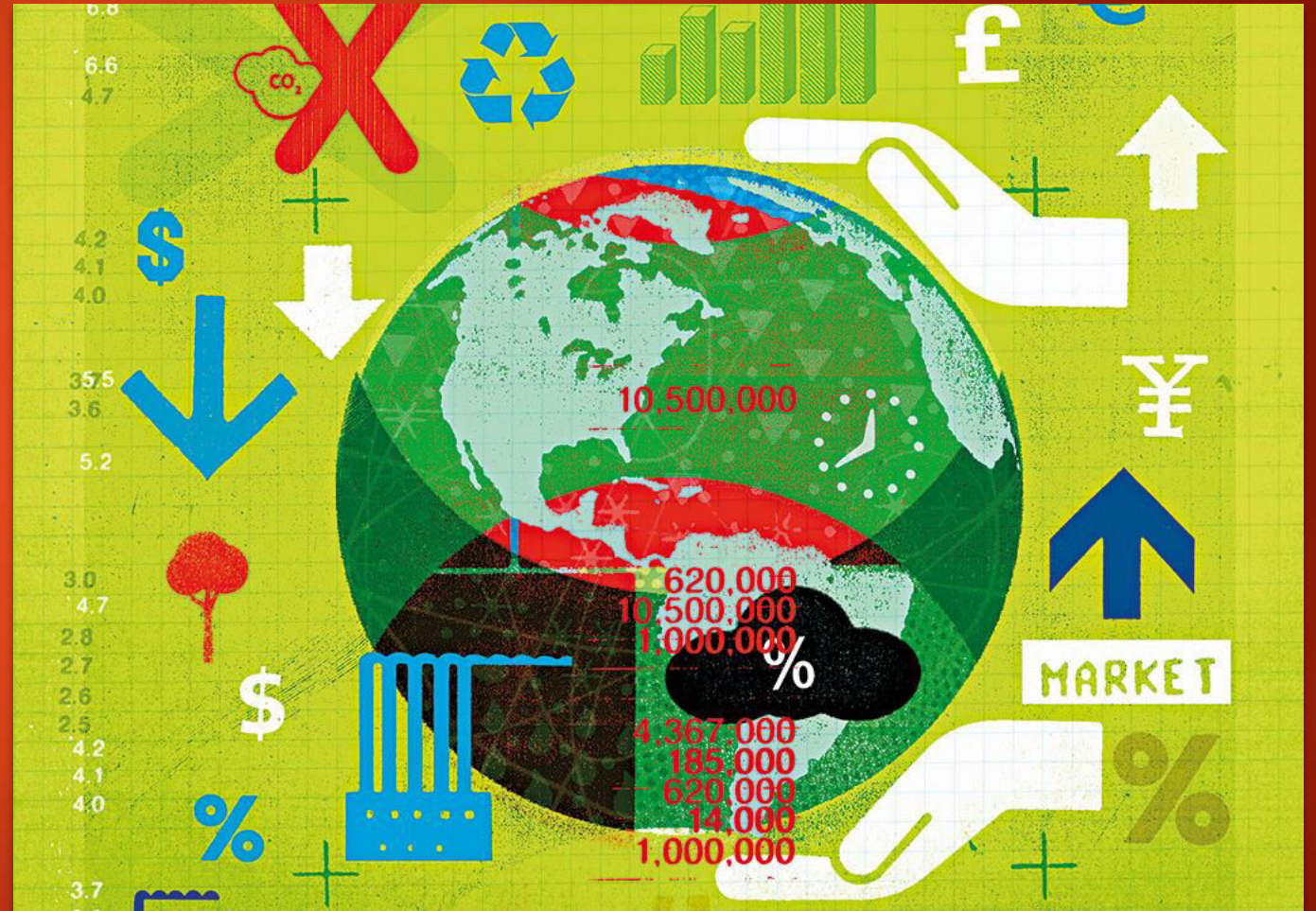


Building Digital Governance System

ABA, 17 MAY - 2019

agenda

- ▶ Trends & Statistics
- ▶ Predictions
- ▶ Framework
- ▶ Roles
- ▶ Tools



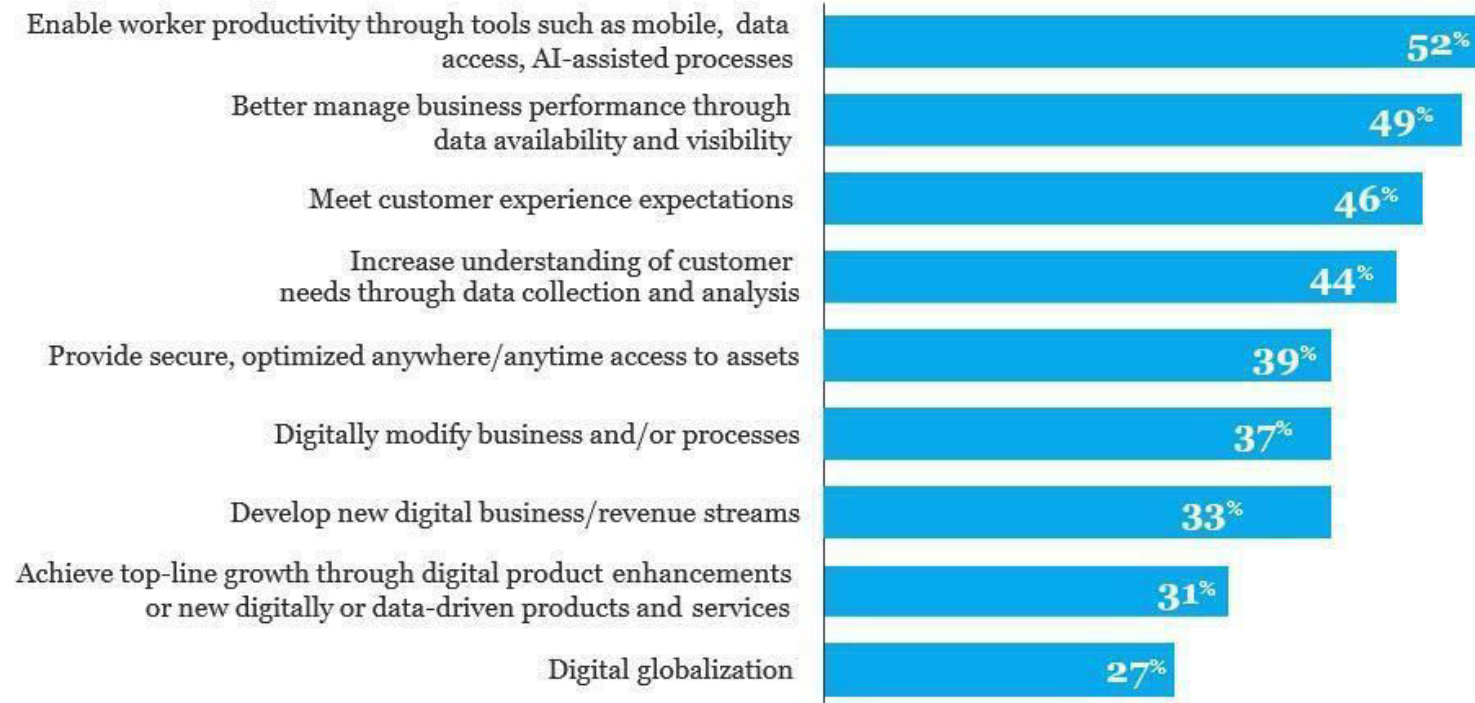
Trends - Digital Transformation Statistics 2019



- ▶ In 2020, the average person will have more conversations with bots than with their spouse (Gartner)
- ▶ Over 50% of the world population is under 30 years old (Euromonitor International)
- ▶ 2 in 3 people get their news from social media (Pew Research)
- ▶ People will soon trust Amazon.com more than their bank (Forbes)
- ▶ 93% of buying decisions are influenced by social media (Nielsen)
- ▶ 80% of our mobile consumption is video (Cisco)
- ▶ More people own a mobile device than a toothbrush (HubSport)
- ▶ 1 in 3 marriages starts online and last longer (American Sociological Association)
- ▶ Every second 2 people join LinkedIn (Omnicores)

Survey results, 700 + C-level from Business

“Digital Business” Surfaces a Variety of Goals

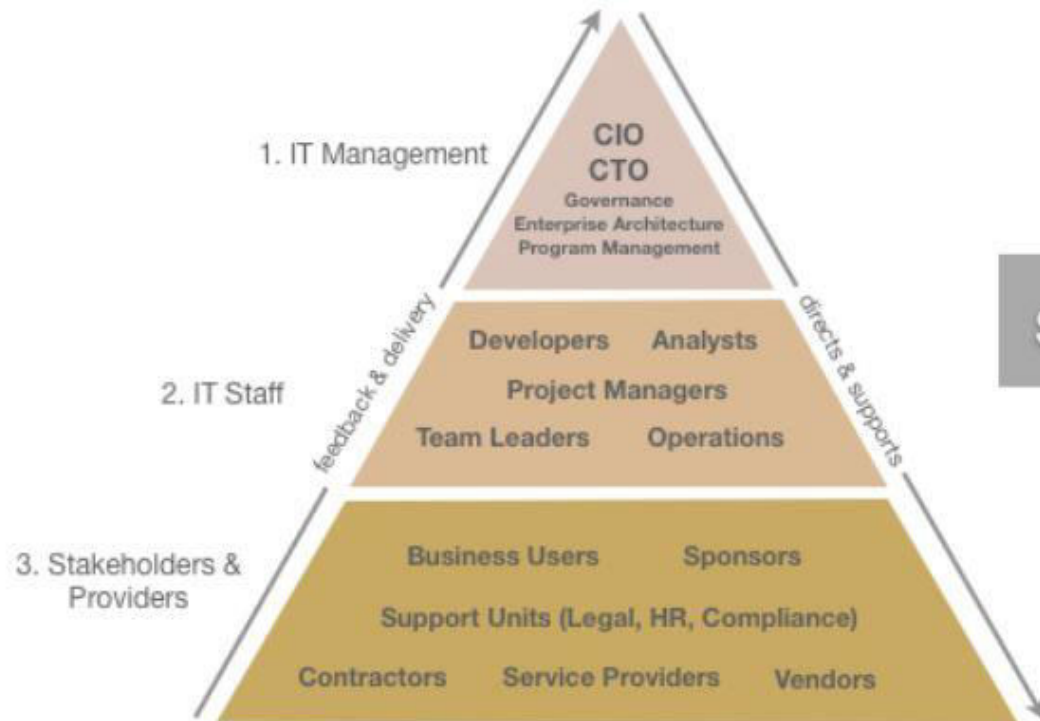


Q. What does “digital business” mean to your organization?

Modern model of IT

Old Model of IT

centralized hierarchical
automation of business

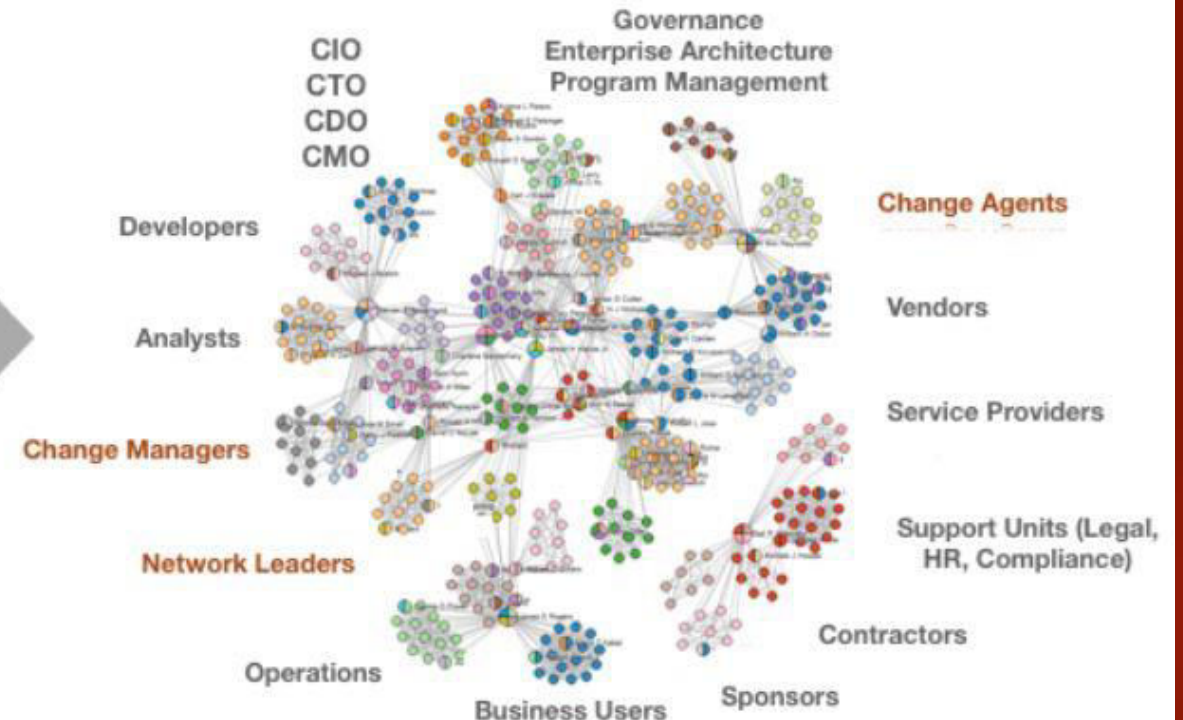


- Applies technology to what the business does today
- Good at maintaining status quo
- Focus on efficiency, economy of scale, continuity
- Well-defined processes designed for monolithic IT

shift

New Model of IT

decentralized network enablement
of digital transformation



- Explores how technology re-imagines the business
- Good at managing constant technology change
- Focus on responding to opportunities at scale
- Dynamic self-organizing processes for small IT in volume

Governance System Components



Governance Design factors

Enterprise
Strategy

Enterprise
Goals

Risk Profile

I&T-Related
Issues

Threat
Landscape

Compliance
Requirements

Role of IT

Sourcing
Model
for IT

IT
Implementation
Methods

Technology
Adoption
Strategy

Enterprise
Size

Design factors

- ▶ Strategy - Growth, Innovation, Cost minimization, Client-oriented service
- ▶ Goals – Financial, Revenue, Risk optimization, Agility, Digitalization, Innovation, Motivation, Security & Privacy
- ▶ Risks – Project, Cost, Security, Efficiency
- ▶ Compliance Requirements – Low, normal & high compliance requirements
- ▶ Role of IT Design – Support, Factory, Turnaround, Strategic
- ▶ Sourcing model of IT – Outsourcing, Cloud, Hybrid, Insourced
- ▶ IT implementation method – Agile, DevOps, Traditional, Hybrid
- ▶ Technology Adoption Strategy – First mover, Follower, Slow adapter
- ▶ Enterprise size – small, medium, large

Example, Managed Organizational Change (BAIo5)

Purpose of Process: Maximize the likelihood of successfully implementing sustainable enterprise-wide organizational change quickly and with reduced risk.

▶ **Goals**

- ▶ Portfolio of competitive products and services
- ▶ Customer-oriented service culture
- ▶ Optimization of internal business process functionality
- ▶ Managed digital transformation programs

▶ **Metrics**

- ▶ % of product/services that meet or exceed targets in revenues and/or market share
- ▶ % of products/services that meet or exceed customer satisfaction targets
- ▶ % of products/services that provide competitive advantage
- ▶ Time to market for new products and services

Activities & Roles



Key Management Practice

	Executive Committee	Chief Executive Officer	Chief Operating Officer	Chief Information Officer	Chief Technology Officer	Chief Digital Officer	I&T Governance Board	Business Process Owners	Program Manager	Project Manager	Project Management Office	Head Human Resources	Head Development	Head IT Operations	Service Manager	Information Security Manager	Business Continuity Manager
BAI05.01 Establish the desire to change.	R	A		R	R	R	R	R	R	R		R					
BAI05.02 Form an effective implementation team.	A			R	R	R			R	R	R		R				
BAI05.03 Communicate desired vision.	A			R	R	R	R		R	R							
BAI05.04 Empower role players and identify short-term wins.	A			R	R	R			R	R		R					
BAI05.05 Enable operation and use.	A		R	R	R	R		R			R		R	R	R	R	R
BAI05.06 Embed new approaches.	A		R	R	R	R		R			R		R	R	R	R	R
BAI05.07 Sustain changes.	A		R	R	R	R		R	R	R	R		R	R	R	R	R

Communicate desired vision, practice example

BAI05.03 Communicate desired vision.

Communicate the desired vision for the change in the language of those affected by it. The communication should be made by senior management and include the rationale for, and benefits of, the change; the impacts of not making the change; and the vision, the road map and the involvement required of the various stakeholders.

- a. Number of questions with regards to the change
- b. Stakeholder feedback on level of understanding of the change

Activities

Capability Level

1. Develop a vision communication plan to address the core audience groups, their behavioral profiles and information requirements, communication channels, and principles.

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2. Deliver the communication at appropriate levels of the enterprise, in accordance with the plan.

3. Reinforce the communication through multiple forums and repetition.

4. Make all levels of leadership accountable for demonstrating the vision.

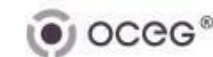
5. Check understanding of the desired vision and respond to any issues highlighted by staff.

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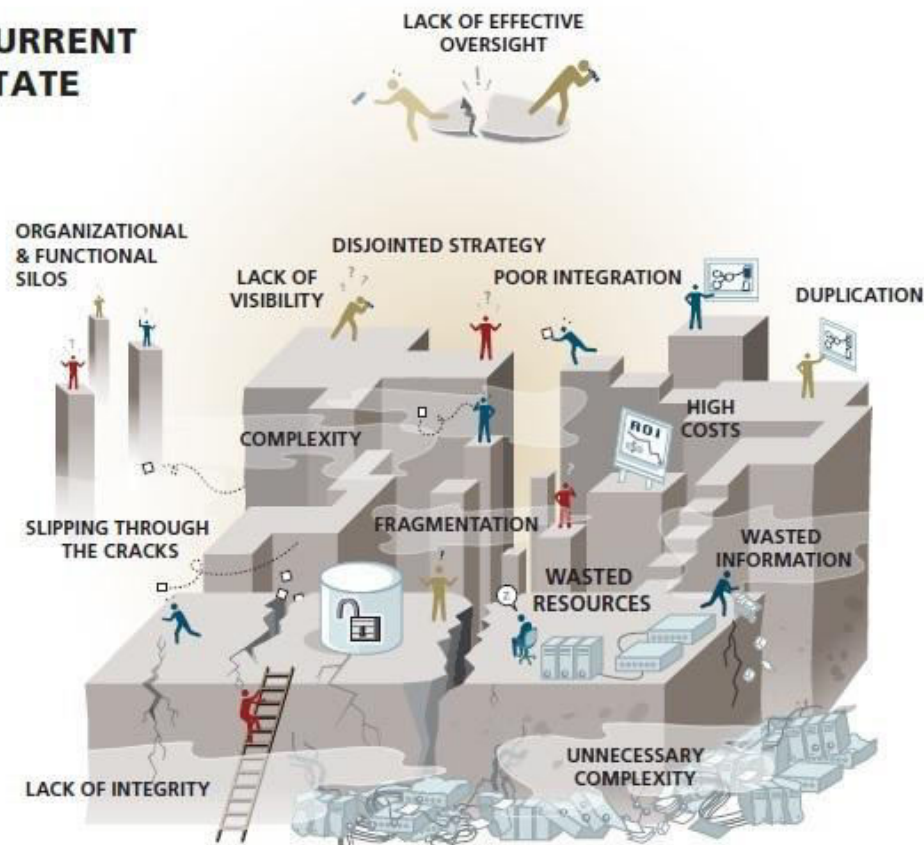
The Business Case for Integrated GRC

Integrating governance, performance, risk, internal control and compliance management (GRC) activities yields a number of benefits. These interrelated activities have much in common; and an integrated approach can improve performance while reducing costs. Importantly, integration does NOT mean consolidation. Rather, the various GRC areas should adopt a common vocabulary, methods and, if appropriate, shared technology and shared services to be more effective, efficient and agile.

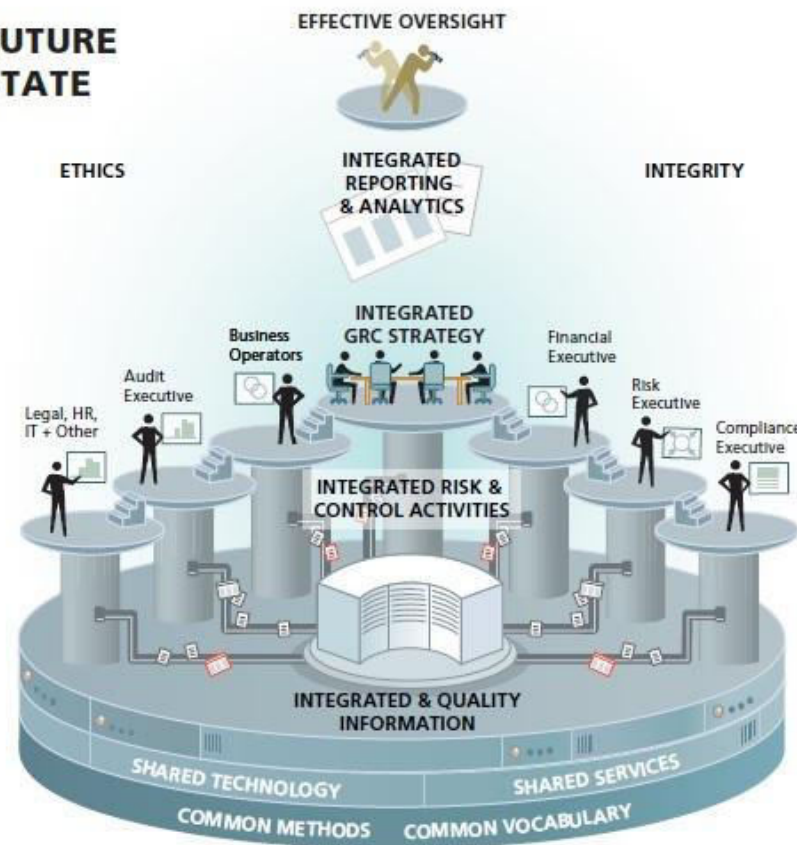
DEVELOPED BY



CURRENT STATE



FUTURE STATE



BENEFITS

- higher quality information**
Integrating GRC information allows management to make more intelligent decisions, more rapidly.
- process optimization**
All non-value-added activities are eliminated and value-added activities are streamlined to reduce lag time and undesirable variation.
- better capital allocation**
Identifying areas where there are redundancies or inefficiencies allows financial and human capital to be allocated more effectively.
- improved effectiveness**
Overall effectiveness is improved as gaps are closed, unnecessary redundancy is reduced, and GRC activities are allocated to the right individuals and departments.
- protected reputation**
Reputation is protected and enhanced because risks are managed more effectively.
- reduced costs**
Reduced costs help to improve return on investments made in GRC activities.

MAKING THE CASE FOR CHANGE

When making the business case for change, you must clearly understand your stakeholders and the things that matter most to them.

- Revenue
- Customer Attraction & Retention
- Profitability (Lower Costs)
- Asset Utilization
- Asset Protection / Security
- Workforce Performance
- Reputation / Brand Protection



Revisit & Redefine Values and Objectives

Focus on the most important enterprise objectives to make the case for integrated GRC.

- What do we value? What are our objectives?
- What will drive value and objectives?
- What are the major opportunities?
- What are the major risks?
- What are the "strategic hooks" for the case?

Understand "As-Is" and Define "To-Be" States

Gain an understanding of the current way that GRC activities are approached. Define a vision for the future.

- What are the current costs?
- Where is there unnecessary redundancy?
- Where are the gaps?
- What do we want to look like in the future?
- How will we measure success?

Analyze Costs & Benefits of Multiple Options

Determine what it would take to achieve the to-be state. Consider multiple options to avoid myopia.

- What are the people, process and technology elements?
- What are the costs to get there? How will costs change?
- What benefits are expected?
- What will be different?

Make The Financial Case & Tell The Strategic Story

Numbers only tell half of the story. Ensure that the case tells both the financial and strategic story.

- What are the people, process and technology elements?
- What are the costs to get there? How will costs change?
- What benefits are expected?
- What will be different?

Decide & Commit

Make a formal commitment to move forward and accomplish your goals. Leadership must be committed to both the goals and the approach.

- Determine the path forward
- Measure and assess the net value of change
- Commit to achieve the benefits, not to simply do a project

Thanks!

