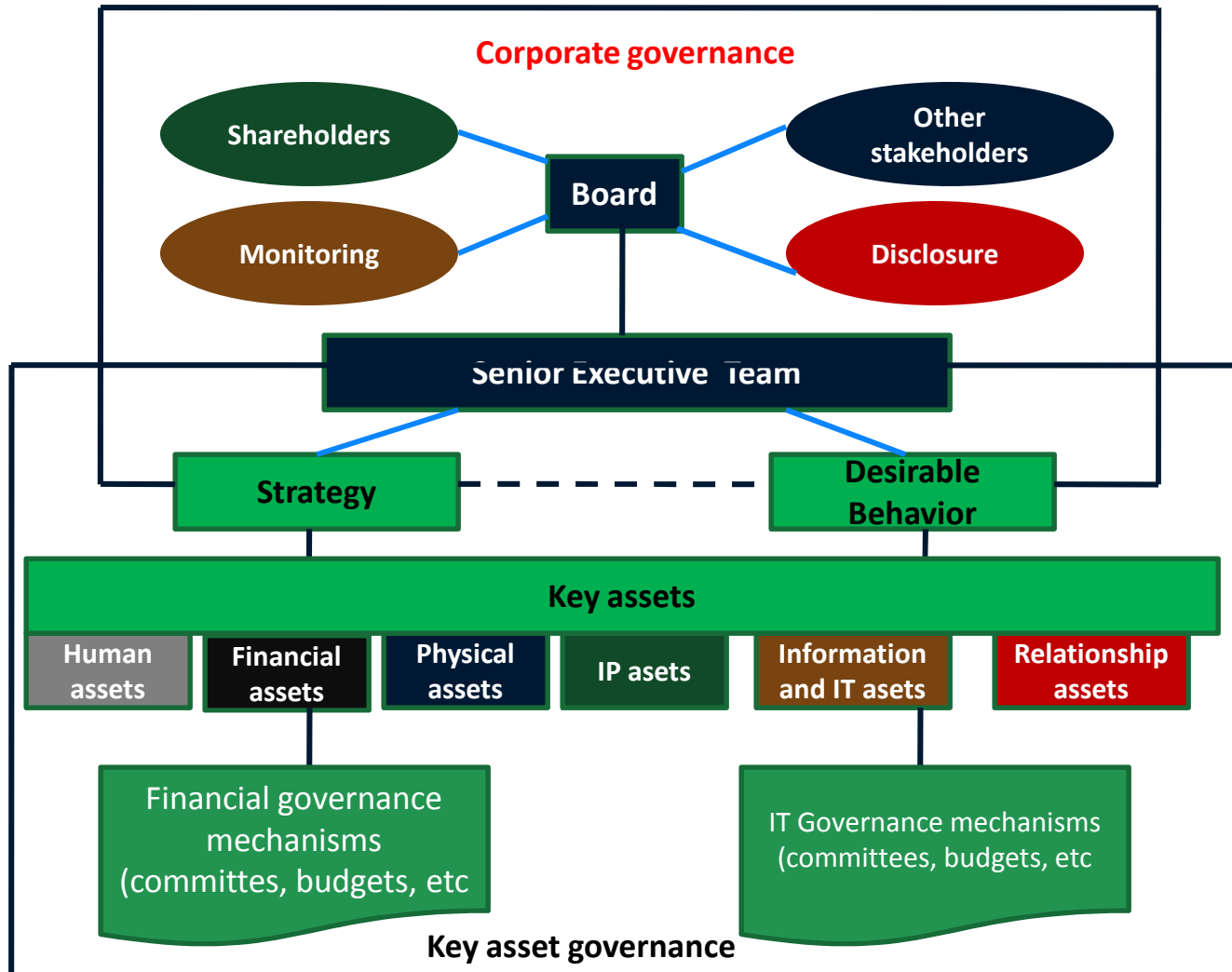# Chap 4:
IT Right Decision

[Weill] Chap 2

Dr. Ir. Yeffry Handoko Putra, M.T

Corporate and Key Asset Governance

Governance Arrangements Matrix – Which Governance Archetypes are used
For different Types of Decisions

Decisions / ARCHE-TYPE	IT Principles	IT Architecture	IT Infrastructure Strategies	Business Application Needs	IT Investment
Business Monarchy					
Monarchy					
Feudal					
Federal					
Duopoly					
Anarchy					
Don't know					

IT Governance Concept Related to Decision

- ❖ IT Principle-clarifying the business Role in IT
- ❖ IT Architecture-Defining integration and standardization requirement
- ❖ IT Infrastructure-determining shared and enabling services
- ❖ Business Application need-Specifying the business need for purchased or internally developed IT application
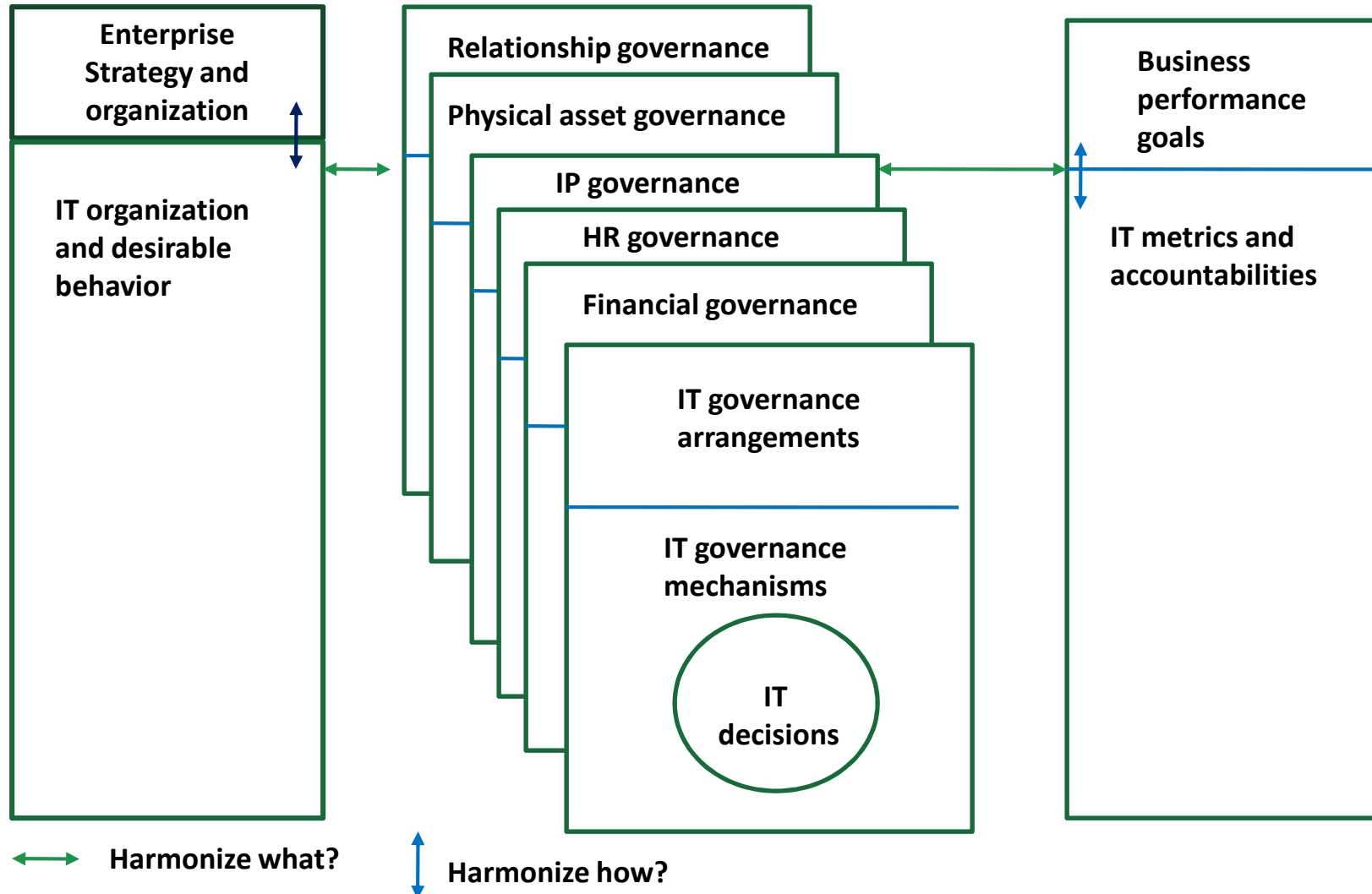- ❖ IT Investment and prioritization

Type of people making decision

- ❖ Business Monarchy-Top Manager

- ❖ IT Monarchy –IT specialist

- ❖ Feudal-Each business unit making independent decision

- ❖ Federal – combination of corporate center and the business unit with or without IT People involved

- ❖ IT Duopoly – IT group and one other group (e.g. top management or business unit leader

- ❖ Anarchy – isolated individual or small group decision making

IT Governance Design Framework

Enterprise Strategy and organization

IT organization and desirable behavior

Relationship governance

Physical asset governance

IP governance

HR governance

Financial governance

IT governance arrangements

IT governance mechanisms

IT decisions

Business performance goals

IT metrics and accountabilities

← → **Harmonize what?**

↕ **Harmonize how?**

Five key IT Decision

IT principles decisions High-level statements about how IT is used in the business		
IT architecture Decisions Organizing logic for data, applications, and infrastructure captured in a set of policies, relationships, and technical choices to achieve desired business and technical standardization and integration	**IT infrastructure decisions** Centrally coordinated, shared IT services that provide the foundation for the enterprise's IT capability	**IT investment and prioritization decisions** Decisions about how much and where to invest in IT, including project approvals and justification techniques
	Business applications needs specifying the business need for purchased or internally developed IT applications	

Question Key to Each IT Decision

IT Principles	What is the enterprise's operating model?
	What is the role on IT in the business?
	What are IT-desirable behaviors?
	How will IT be funded?
IT Architecture	What are the core business processes of the enterprise? How are they related
	What information drives these core processes? How must the data be integrated
	What technical capability should be standardized enterprise-wide support IT Efficiencies and facilitate process standardization and integration
	What technology choices will guide the enterprise's approach the IT initiatives?

Question Key to Each IT Decision(2)

|	
IT Infrastructure	What infrastructure service are most critical to achieve the enterprise's strategic objectives?
	For each capability cluster, what infrastructure services should be implemented enterprise wide and what are the service-level requirements of those services?
	How should infrastructure services be priced?
	What is the plan for keeping underlying technologies up to date?
	What infrastructure services should be outsourced?
Business Application needs	What are the market and business process opportunities for new business applications?
	How are experiments designed to assets whether they are successful?
	How can business need be address within architectural standards? When does a business need justify an exception to standard?
	Who will own the outcomes of each project and institute organization /changes to ensure the value?

IT Investment and prioritization	What process changes or enhancement are strategically most important to the enterprise?
	What are the distribution in the current and proposed IT portfolio? Are these portfolios consistent with the enterprise's strategic objectives?
	What is the relative importance of enterprisewide versus business unit investments ? Do actual investment practices reflect their relative importance?

Business Principle

- ❖ Leverage economies of scale

- ❖ Standardize process and technologies wherever appropriate

- ❖ Common tools and business diversity (one ERP system)

- ❖ Cost control and operational efficiency

- ❖ Alignment and responsiveness to negotiated business requirement
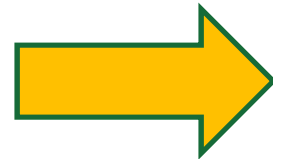
Decision in IT Principle: Business and IT Principle (2)

IT Principle

- ❖ **Benchmarked lowest total cost of ownership**
- ❖ **Architectural Integrity**
- ❖ **Consistent, flexible infrastructure**
- ❖ **Rapid deployment of new application**
- ❖ **Measured, improving and communicated value and responsiveness**

Policies, Standard and guidelines

- ❖ **Enable to business**
- ❖ **Ensure information integrity**
- ❖ **Create a common customer view**
- ❖ **Promote consistent architecture**
- ❖ **Utilize industry standard**
- ❖ **Reuse before buy before build**
- ❖ **Manage IT as an investment**

Decision in IT Architecture

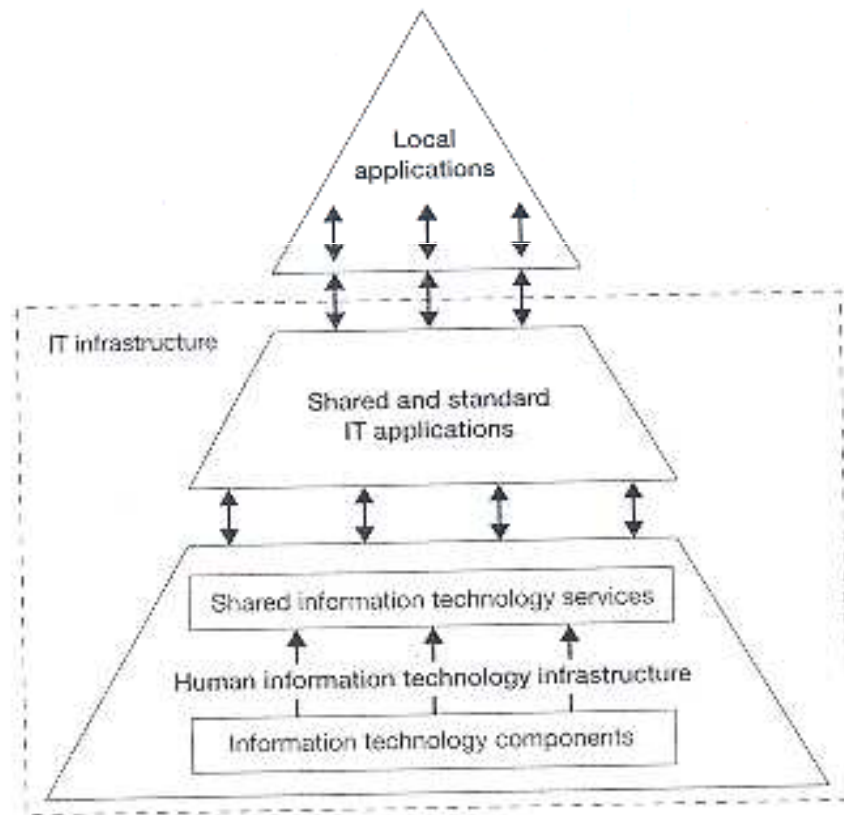
MetLife's Enterprise Architecture
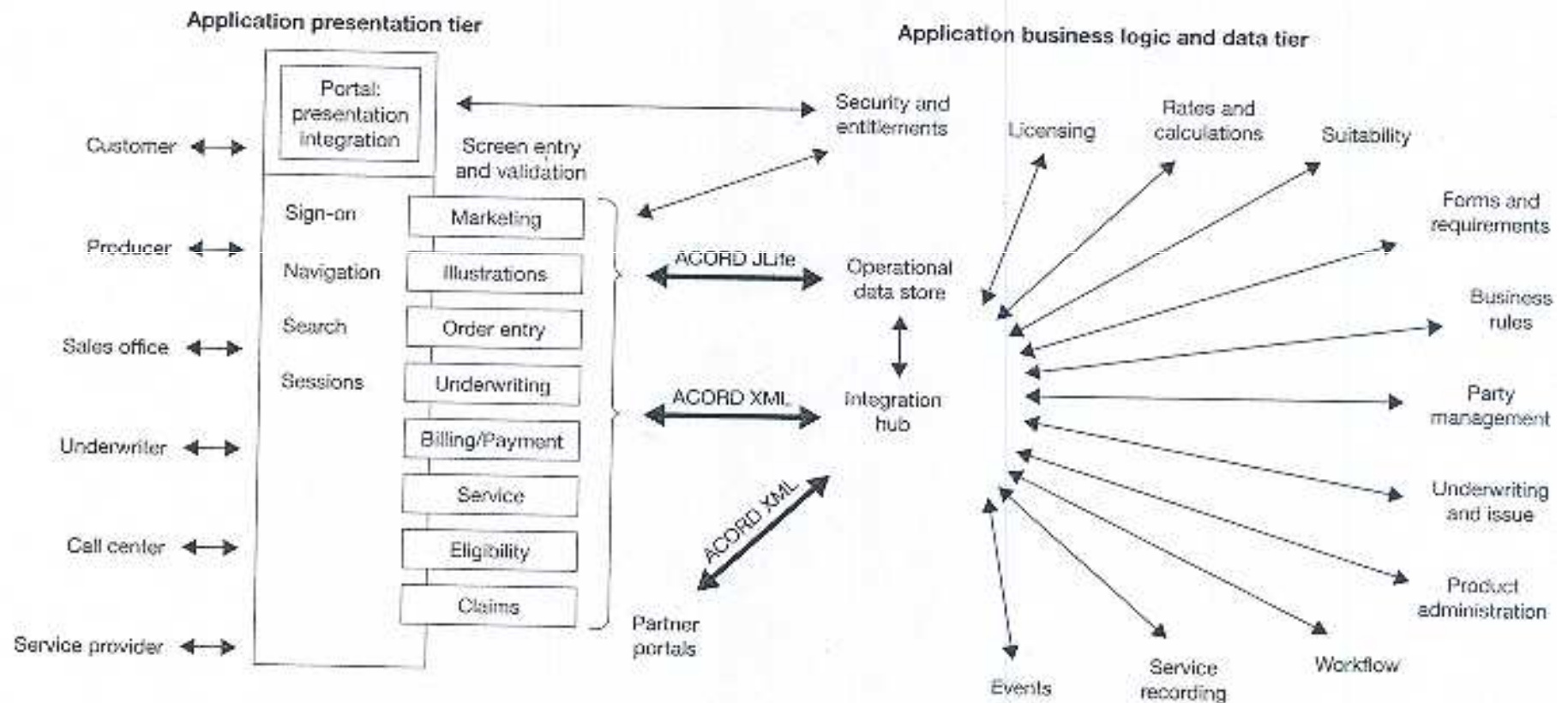
Source: Adapted from MetLife documents. Used with permission.

Decision in IT Infrastructure

IT Infrastructure as a Centrally Coordinated Set of Shared and Reliable Services

Fast-changing local business applications such as insurance claim processing, Web bank loan applications, customer complaints support system, phone order support systems

Shared and standard applications that change less regularly, such as accounting, budgeting, human resource management

Services that are stable over time, such as management of shared customer databases, PC/LAN access

Human infrastructure of knowledge, skills, policies, standards, and experience binds components

Commodities such as computers, printers, routers, database software, operating systems, credit card swipers

Decision in IT Infrastructure

IT Infrastructure Services in Ten Clusters
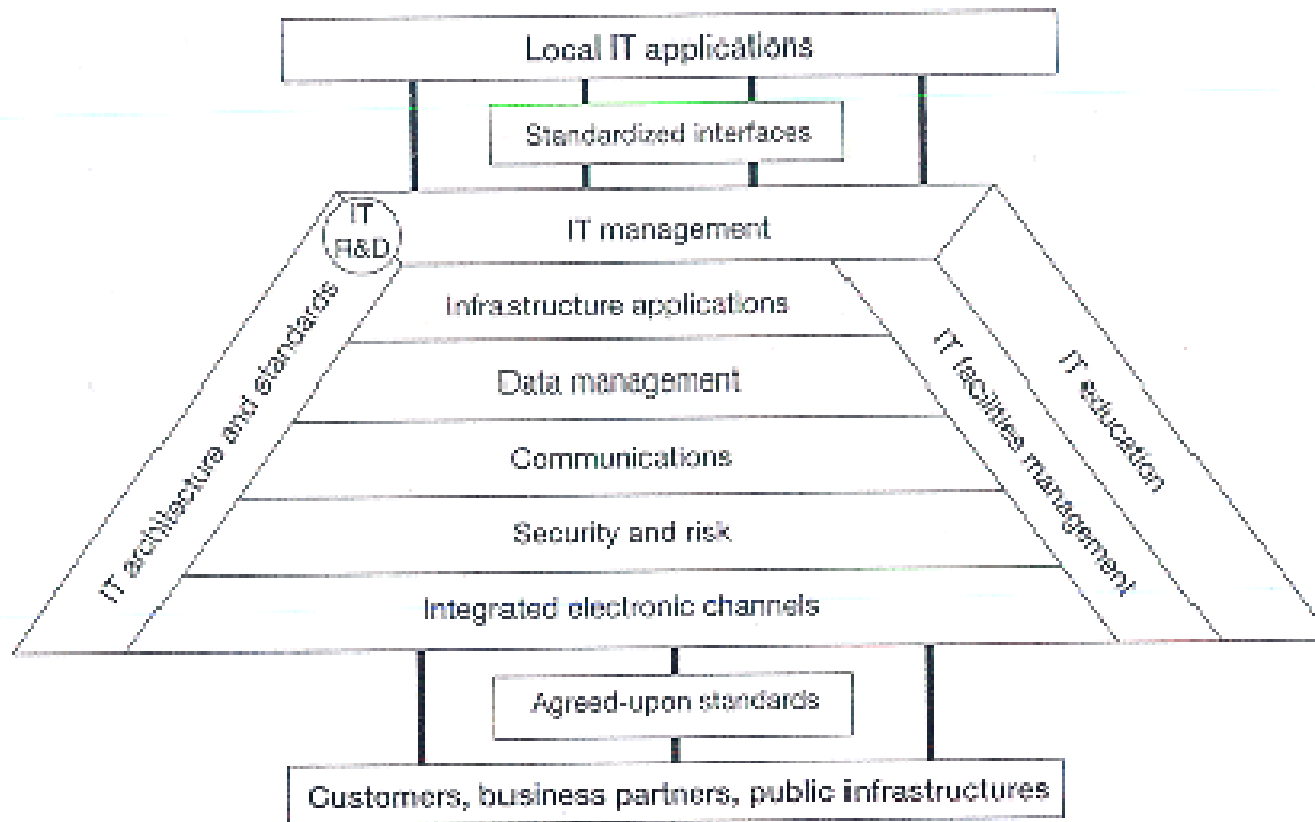
Source: Peter Weill, Mani Subramani, and Marianne Broadbent, "Building IT Infrastructure for Strategic Agility," *MIT Sloan Management Review* 44, no. 1 (Fall 2002): 57–65.

Decision in Business Application need

❖ Has two conflict objective: creativity and discipline

❖ IT Creativity:
identifying business application that support strategic business objective and facilitate business experiment

❖ Discipline :
architectural integrity- Ensuring that application leverage and build out the enterprise architecture rather than undermine architectural principles
Focus – committing the necessary resource to achieve project or business goal

Decision in IT Investment and prioritization

❖ How much to spend

❖ How to allocate IT investment portfolio

❖ How to reconcile Differing need- Aligning IT Investment with strategic Priorities