

Governance & Alignment In the Era of Business Transformation

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Questions

- Why debates about Governance and Alignment?
- Why absence of trust?
- What changes are necessary?
- What transformations are needed?

The Setting for I.T. Transformation

How to Save \$20 Billion through Transformation

	IBM in 1990	IBM in 2004
Purchase Order Process Time	One month	One day
Procurement Sources	300	3
Electronic Purchases	<20%	95%
E-Enabled Suppliers	<500	35,000
Electronic Catalogs	0	280

Historical Perspective

1771 - Factory mechanization.

1829 - Steam and Railways

1875 - Steel and Electricity

1908 - Automobile, Mass Production

1971 - Information and Telecommunications

Transformation Cycles Repeated

- **Development** of the new technology (1955).
- **Adoption** and intensive investment (1990-2000).
- **Transformation: Rationalization of technology and renewed economic expansion (2005 ± 2035).**
- **Maturity:** Saturation and the gradual exhaustion of the potential of the new technology setting the stage (2050).

Why So Many Questions?

- Why debates about Governance, Alignment?
- Why absence of trust?
- What changes are necessary?
- What transformations are needed?

Questions are asked because executives now understand
The shift from:

Adoption to Transformation

Governance and Alignment

What Governance and Alignment to Get \$20 Billion Savings?

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Alignment Actions Taken

- From 13 Management layers to 6.
- From 183 Networks to 1.
- From 23,000 I.T. Applications 4,100.
- From Application Data to Enterprise Data.

Governance Actions Taken

- Centralized management of Data
 - Enterprise MetaData Directory;
- Distributed management of Services
 - Enterprise Portal;

Trust

Trust Enhancing Actions

- 99.999% uptime, at keyboard;
- Delivery of innovative technologies on schedule;
- CIO acts as CIO, not CTO

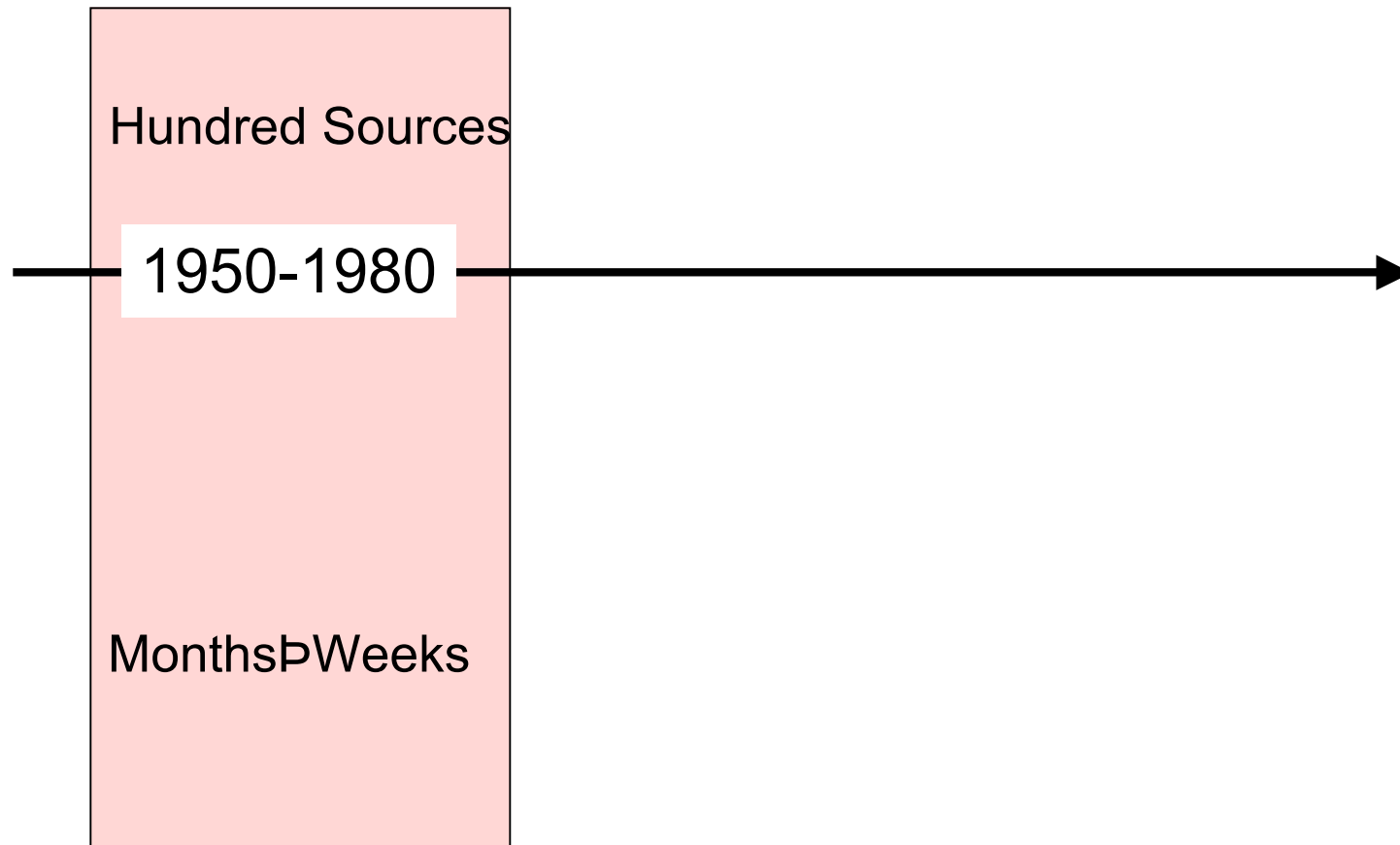
Necessary Changes

Reforms

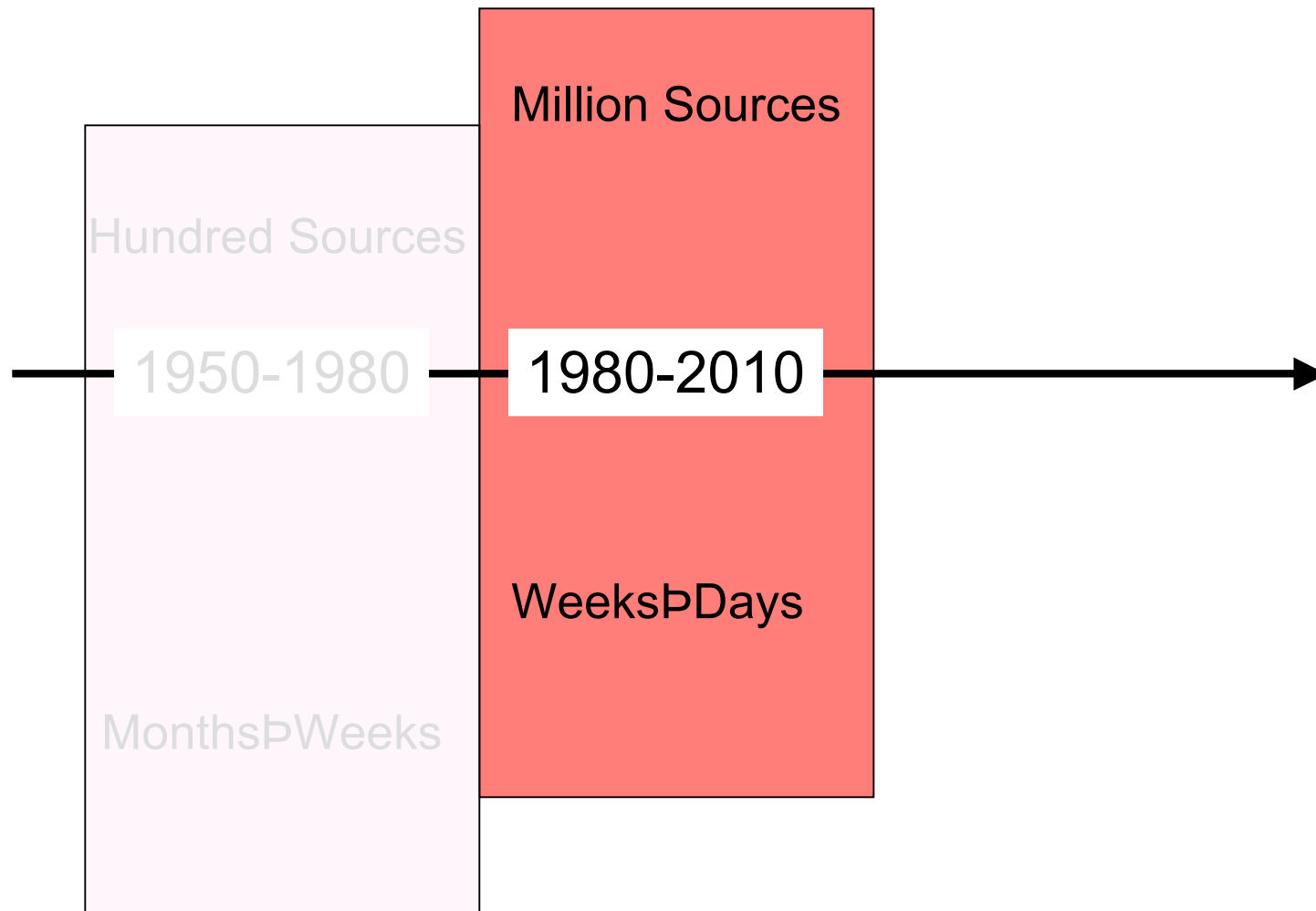
- Total cost of ownership;
 - Cost of Systems > Cost of I.T.
- Zero tolerance for unresolved complaints;
- Demonstration of competitive advantage;
- Cost benchmarking.

Transformations

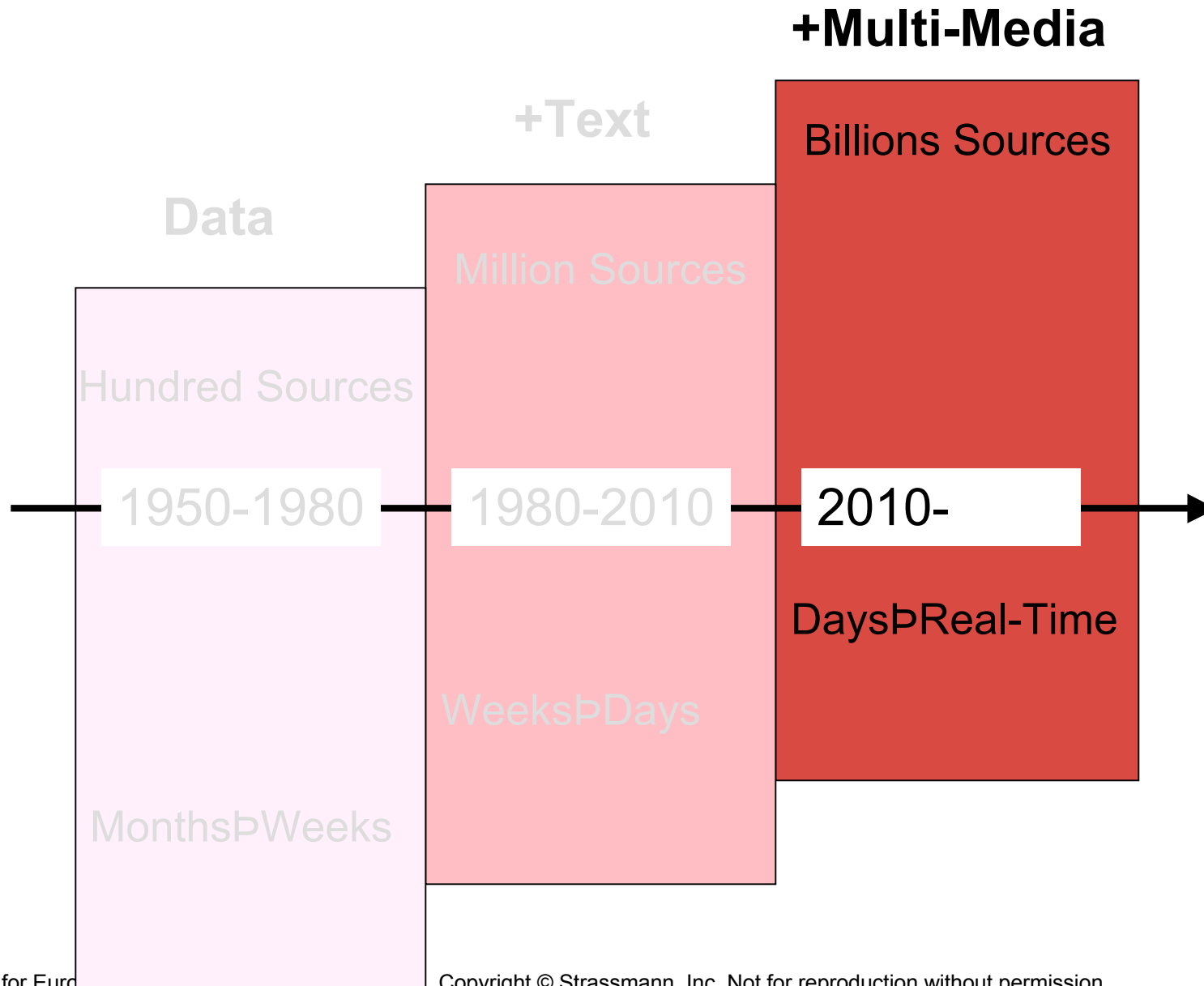
Data-Centric Era: Director of Data Processing



Workgroup-Centric Era: Chief Information Officer



Network-Centric Era: Executive Vice President, Information Resources



Google: The Prototype of Future Service Architecture

1. Rent protected information network services;
2. Offer universal connectivity for:
 - Collection, processing and storing of information;
 - Provide secured communications.
3. Maintain shared data models;
4. Require continued upgrading rapid innovation.

Summary

- Why debates about Governance, Alignment?
- Why absence of trust?
- What changes are necessary?
- What transformations are needed?

The greatest need for CIO leadership is yet to come.

Paul Strassmann, CIO 1961-2003

Additional Reading

D3: [Strassmann: Governance of Information Management: The Concept of an Information Constitution \(2nd ed.\)](#)

D15: [Strassmann: The Economics of Knowledge Capital](#)

The Next Tsunami : <http://www.strassmann.com/pubs/talks/IP4ITV3.ppt>

The Architecture of the Future: <http://video.google.com/videoplay?docid=6682253938984655269>