

## John Thorp, CMC, I.S.P.

Chair, VAL IT Steering Committee, IT Governance Institute

Author, "*The Information Paradox*"

President, The Thorp Network

### About John Thorp:

John Thorp is an internationally recognized management consultant and speaker with over 45 years' experience covering all aspects of the information management field, including technical, management and executive positions.

Author of "*The Information Paradox*", John's focus is on realizing the benefits of information technology-enabled change. Over the last five years, John's work has extended beyond IT to the broader issues of *Enterprise Value Management*, and *Strategic Governance*.

Working with the *IT Governance Institute* (ITGI), John lead the development of **Val IT™**, an open framework containing proven practices for optimising the value of IT-enabled change which complements ITGI's existing **COBIT™** framework. **Val IT** has been described by Forrester as being "*grounded in real world practices*", "*a best practice model for IT value management*", and *providing "a detailed roadmap for education and implementation."*

John is a frequent speaker on various aspects of strategic planning, information as a strategic resource, and the effective management of information technology (IT). He has addressed and advised leaders of the world's largest organizations in the United States, Canada, Europe and Asia-Pacific, including *Fortune 100* companies. A highly effective strategist, communicator and facilitator, he has led many assignments in strategic planning, organizational change, and value management, assisting organizations in addressing a number of key challenges including:

- Increasing the efficiency and effectiveness of their IT delivery;
- Picking the winning business capabilities from an ever-growing range of technology opportunities
- Ensuring that they realize real business value from those capabilities, including both current and future capabilities.

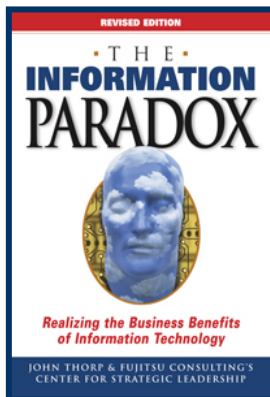
John is a Certified Management Consultant, holds the Canadian Information Processing Society's I.S.P. professional designation, and is a member of the Society for Information Management in the United States.

As President of The Thorp Network Inc., a BC Corporation, based in North Saanich, John offers a number of value related services, both individually, and through a network of partner organizations.

### **About the Book:**

#### **The Information Paradox<sup>1</sup>**

*Realizing the Business Benefits of Information Technology*



"The Information Paradox", is about the conflict between widely held belief that investment in IT is a good thing and the reality that this, all too often, cannot be demonstrated. It provides valuable insight into what needs to change to realize value from IT investments and how to go about it. The book introduces the Benefits Realization Approach, and describes it in terms of three fundamentals and three necessary conditions aimed at changing the way people think, manage and act. The revised edition extends this approach with the concept of Enterprise Value Management to stress that the major effort and challenge that organizations must face is implementing change - not technology.

The three fundamentals of the Benefits Realization Approach are shifting from:

- Stand-alone project management to business **program management** with clearly defined business outcomes;
- Free-for-all competition among projects/programs to disciplined **portfolio management**; and
- Traditional project management cycles to **full cycle governance**.

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<sup>1</sup> *The Information Paradox*, written jointly with Fujitsu, first published by McGraw Hill in 1998 with a revised edition published in 2003.

The three necessary conditions are:

- **Activist accountability** with active, continuous business ownership;
- **Relevant measurement** to measure the thing that count in contributing to outcomes; and
- Proactive **management of change**.

This book was a key source for many of the concepts used in the IT Governance Institute's Val IT framework.

A number of quotes from the book demonstrate the challenges faced by organizations in realizing value from their increasingly significant and complex IT investment:

"Management thinking has failed to understand the implications of the evolving role of IT in business and how critical IT decisions will affect elements of the overall business system beyond technology."

"The persistence of the industrial-age mind-set leads to what we call 'silver bullet thinking' about the capabilities of IT - and, more specifically, about the power of IT alone to deliver business results. Organizations rush to purchase IT 'silver bullets' in the form of customized business solutions, enterprise application packages and other ready-to-wear IT solutions in the naive belief that they come neatly packaged and stamped benefits inside. "

"Another facet of silver bullet thinking is that most, if not all, of the delivery and implementation focus is on the IT project, with blind faith that any other required changes will fall into place."

"Decisions are generally made in the environment of a competitive free-for-all among stand-alone IT projects; each championed by an executive sponsor interested in pushing his or her pet project....the result is that too many IT decisions are made with no greater chance of success than the average gambler in a casino."

"Tough questioning is critical to get rid of silver bullet thinking and lose the industrial-age mind-set that is proving extremely costly to organizations."

"Senior business sponsors must take ownership of the program and accept clear accountability for delivering benefits."

Experience and an increasing volume of empirical research demonstrate that IT-enabled business investments, when managed well within an effective governance framework, provide organizations with significant opportunities to create value. However, without effective governance and good management, they provide an equally significant opportunity to destroy value.

A key lesson is that IT investment is no longer just about implementing IT solutions, it is about implementing IT-enabled change. This implies greater complexity and risk than has, historically, been the case. The management practices that have traditionally been applied are no longer sufficient. The message is clear: IT-enabled business investments can bring huge rewards, but only with the right governance and management processes, and full commitment and engagement from all management levels.

Effective governance starts with leadership, commitment and support from the top. However, such leadership, while critical, is not enough. Val IT™ supports leadership by providing proven, clear and consistently applicable guidelines and supporting practices, and assists the board and executive management in understanding and carrying out their roles related to IT-enabled business investments.



Val IT is the most complete collection of proven management practices and techniques for investment in IT-enabled business change and innovation. It allows enterprises to increase return on their investments and generate business value. It helps enterprises to make better decisions on where to invest in business change—ensuring they are doing the right things the right way, doing them well and getting benefits from them. Val IT fosters the partnership between IT and the rest of the business.

### THE VAL IT PRINCIPLES

- IT-enabled investments will be managed as a portfolio of investments.
- IT-enabled investments will include the full scope of activities that are required to achieve business value.
- IT-enabled investments will be managed through their full economic life cycle.
- Value delivery practices will recognize that there are different categories of investments that will be evaluated and managed differently.
- Value delivery practices will define and monitor key metrics and respond quickly to any changes or deviations.
- Value delivery practices will engage all stakeholders and assign appropriate accountability for the delivery of capabilities and the realization of business benefits.
- Value delivery practices will be continually monitored, evaluated and improved.

The Val IT principles are applied in the following three domains to optimize value:

- Value governance
- Portfolio management
- Investment management

### FOCUSING ON THE INVESTMENT DECISION AND REALIZATION OF BENEFITS

Val IT is closely aligned with and complements *Control Objectives for Information and related Technology (COBIT®)*, which provides a comprehensive framework for the management and delivery of high-quality, IT-enabled services. Specifically, COBIT helps enterprises understand if they are doing things right from an IT perspective and Val IT helps enterprises understand if they are making the right investments and optimizing the returns from them.

Val IT is a comprehensive and credible source that provides the overall governance framework and supporting processes to enable the creation of real business value from IT-enabled investments. Val IT has relevance to all management levels across both business and IT, from the CEO and the C-suite to those directly involved in the selection, procurement, development, implementation, deployment and benefits realization processes. Val IT contains essential guidance for all.

## VAL IT PUBLICATIONS

The newly updated Val IT framework extends beyond new investments to include IT services, assets and other resources. It also aligns terminology with COBIT and adds a management guidelines section that provides a greater level of detail about the Val IT processes and key management practices, as well as maturity models for the Val IT domains.

The deliverables in the Val IT 2.0 series consist of three publications which are available as free downloads from [www.itgi.org/valitdownloads](http://www.itgi.org/valitdownloads).

### *Enterprise Value: Governance of IT Investments, The Val IT Framework 2.0*

includes key management processes and practices for three domains:

- Value Governance—Six key management processes covering:
  - The establishment of informed and committed leadership
  - The definition and implementation of a value governance framework and work processes
  - The definition of portfolio characteristics
  - The alignment and integration of value management with enterprise financial planning
  - The establishment of effective governance monitoring
  - Continuous improvement of value management practices
- Portfolio Management—Six key management processes covering:
  - The establishment of strategic direction and a target investment mix
  - The determination of the availability and sources of funds
  - Managing the availability of human resources
  - The evaluation and selection of programs to fund
  - Monitoring and reporting on investment portfolio performance
  - Optimization of investment portfolio performance
- Investment Management—10 key management processes covering:
  - The development and evaluation of the initial business case
  - An understanding of the program and implementation options
  - The development of a program plan
  - The development of full life cycle costs and benefits

- The development of a detailed business case
- The launch and management of the program
- Updating of the operational IT portfolio
- Updating of the business case
- Monitoring and reporting on the program
- Retirement of the program

### *Enterprise Value: Governance of IT Investments, Getting Started With Value Management*

is a new guide that complements the Val IT framework and outlines how to implement Val IT. *Getting Started With Value Management* consists of six chapters that flow in a logical sequence moving from typical starting points, pain points or “trigger points” to specific approaches to address these points. This publication offers assessment templates, practical guidance on how to use the new Val IT framework and recommended approaches to addressing investment issues in enterprises. It also contains suggested maturity models and approaches to managing and sustaining change.

*Enterprise Value: Governance of IT Investments, The Business Case* covers the key steps in developing an effective business case (building the fact sheet, cash flow overview from a life cycle perspective, consideration of alignment issues, risk appraisal, and balancing of risk and return) and provides useful tools for each. It also provides a comprehensive outline of appropriate business case content.

## ACHIEVING VALUE FROM YOUR IT INVESTMENTS

It is the responsibility of the board, the CEO and all executives to ensure that shareholder and stakeholder returns are optimized through judicious use of the resources and opportunities available. This responsibility includes IT-enabled investments and resources where the potential for significant value creation is great, but costs are high, and the risks and visibility of value destruction are also high. Balancing risk and return has to be high on the agenda of all boards and executives. Proper consideration and implementation of the proven practices contained within the Val IT framework, complemented by COBIT, will make a significant contribution to the achievement of real business value from today’s substantial investments in IT-enabled change.

“ A key lesson is that IT investment is no longer just about implementing IT solutions, it is about implementing IT-enabled change. ”

