IT GOVERNANCE AND THE BOARD OF DIRECTORS
TAKING IT FROM THE BACKROOM TO THE BOARDROOM!

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TRADITIONALLY, IT HAS BEEN A BACKROOM FUNCTION. BY "BACKROOM" WE MEAN THAT IT HAS TYPICALLY BEEN A BEHIND-THE-SCENES FUNCTION OF CORPORATE AMERICA (AND THE WORLD). IT ACHIEVED CENTER-STAGE STATUS FOR ONLY A VERY BRIEF PERIOD OF TIME: THE LATE 1990'S. THE LATE 1990'S WERE AN ERA OF "TECHNOLOGY FOR TECHNOLOGY'S SAKE" AND WE SAW DOT-COMS SPRING UP ALL OVER THE MAP. REGARDLESS OF THEIR REVENUES AND/OR CUSTOMERS, THESE DOT-COMS HAD SKY-HIGH VALUATIONS WHICH WERE IMPOSSIBLE TO EXPLAIN OR EVEN COMPREHEND.

However, there was one key distinction between IT the way we have known it for decades and know it today, versus the dot-coms of the late 1990's: the dot-coms were about the "T" in IT (technology, that is) and not about the "I" (information). The purpose of this article is to suggest that we need to (a) move past the stigma associated with the 1990's definition of "IT" and (b) that we need to take the "real" IT from its traditional place in the backroom to its well-deserved modern day place in the boardroom.

Changing View of IT

There is a need and recognition of the fact that IT is no longer just an afterthought (or a neverthought!) in business today. Businesses are highly dependent upon IT, and not just for reasons of efficiency and productivity but also for competitive and viability reasons as well. Today's business strategy must include aspects from IT including, but not limited to:

- IT's easy of use
- Availability of IT
- Business' reliance on information
- Productivity gains from IT

Of course, coupled with the power of IT comes great responsibility, and IT is now increasingly being required to ensure:

- Confidentiality of information
- Integrity of data
- Timely Availability
- Accuracy of information

We will look at these aspects of IT in the context of Governance, Risk and Compliance (GRC) through the course of this article.

Traditional Role of IT

Let us briefly revisit the role that IT has traditionally played in the "backroom". In the backroom, IT serves a valuable purpose: to make business more efficient and productive. However, in this role, we often find that the CIO and/or the CTO are primarily responsible for

implementing in IT strategies that are handed down to them from the business and process owners, including the CFO, the COO and even the CLO/CCO.

While there is nothing inherently wrong or incorrect about this traditional role of IT, some of the challenges that companies are facing include:

- A lack of understanding of IT and what it can do for the business
- A lack of alignment between what is communicated by the business and what is heard/implemented by IT
- A misrepresentation of IT to the business in terms of the flawed hierarchy alluded to above
- IT as a reactive rather proactive function

Little wonder it is, then, that IT is regarded as a cost-center rather than a strategic-center or a profit-center within organizations.

Strategic Role of IT

As IT makes its way into the Boardroom, however, it can serve a more valuable purpose within the organization. Specifically, IT can be used to better integrate the organization as a whole, can be used to align various parts of the organization, can be used to proactively compete in an ever-changing and more aggressive competitive landscape, and can even drive corporate strategy in technology-dependent companies and industries.

Some of the industries that have benefited the most from the recent advances in information technology as well as its ability to provide competitive differentiation include financial services (banking, insurance, mortgage), healthcare, pharmaceuticals and retail (online, offline).

With the strategic role that IT now plays it is critical that Boardrooms adopt and adapt as follows:

1. Recognize the strategic role that IT plays within and for the organization
2. Include and incorporate the IT function as a board-level function
3. Gain a better and broader understanding of IT amongst both IT and non-IT board members
4. Provide IT with the business information it needs to be more effective at serving the needs of the business

In other words, take IT from a "servitude" mindset to a partner mindset by establishing the tone from the top where actions speak louder than words. When board members realize and recognize the value of IT, the rest of the organization is more likely to follow.

Roles and Responsibilities

We have discussed thus far how IT can help/assist the business by growing beyond its traditional role of just serving the business to actually being a partner, and in some cases even a driving force, of the