



Chapter I

Strategies and Models for IT Governance

This introductory chapter records and interprets some important existing theories, models, and practices in the IT governance and strategic alignment domain. IT governance will be defined and its relationship with corporate governance and IT management clarified. A separate section is devoted to the concept of strategic alignment, one of the key elements of IT governance. Finally, a detailed set of IT governance structures, processes, and relational mechanisms is discussed that can be leveraged to implement IT governance in practise. Two important IT governance processes, COBIT and the balanced scorecard, are discussed in more detail in separate chapters.

IT Governance Explained

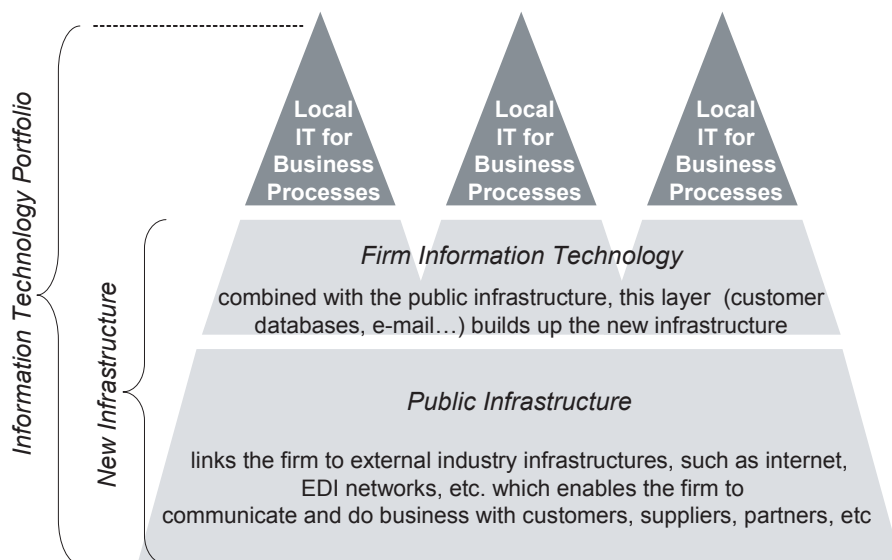
Why IT Governance?

Information technology (IT) has become pervasive in current dynamic and often turbulent business environments. While in the past, business executives

could delegate, ignore, or avoid IT decisions, this is now impossible in most sectors and industries (Peterson, 2003; Duffy, 2002a; Van Der Zee & De Jong, 1999). To emphasise this **pervasiveness of IT**, Broadbent and Weill (1998) refer to three layers of the *New Infrastructure*: local IT for business processes, firm IT infrastructure, and public IT infrastructures (Figure 1).

The *Public Infrastructure* and the *Firm Information Technology Infrastructure* are the foundations of the firm's *Information Technology Portfolio*. The *Public Infrastructure* links the firm to external industry infrastructures, such as the Internet, EDI networks, and so forth, which enables the firm to communicate and do business with customers, suppliers, partners, and so forth. Together with the *Firm Information Technology Infrastructure*, such as e-mail, customer databases, and so forth, the New Infrastructure is constructed. The *New Infrastructure* plus the local IT needed to perform business processes are the firm's *Information Technology Portfolio*.

Figure 1. The new infrastructure (Adapted from Broadbent & Weill, 1998)



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