From IT Governance to Enterprise Governance of IT: a Journey for creating Business Value out of IT

Wim Van Grembergen

From IT Governance to Enterprise Governance of IT: a Journey for creating Business Value out of IT

Wim Van Grembergen [1]

[1] University of Antwerp (UA)
University of Antwerp Management School (UAMS)
IT Alignment and Governance (ITAG) Research Institute
wim.vangrembergen@ua.ac.be

Abstract of a keynote speech

IT governance is one of those concepts that suddenly emerged and became an important issue in IT. In academic and professional literature, articles mentioning IT governance in the title began to emerge during the late 1990s. In the context of the leading academic HICSS conference, it was defined as the organizational capacity exercised by the board, executive management and IT management, to control the formulation and implementation of IT strategy and in this way ensure the fusion of business and IT.

After the emergence of the IT governance concepts, the notion received a lot of attention. However, due to the focus on "IT" in the naming, the IT governance discussion mainly remained a discussion within IT. Many IT governance implementations are still mainly an issue "within IT", while one would expect that the business would and should take a leading role here as well.

It is clear that business value from IT investments cannot only be realized through its use of IT capabilities. For example, there will be no business value created when IT delivers a new customer relationship management (CRM) application on time, on budget, and to specification if the business has not made the necessary changes to the business model, business processes, organizational structures, people competencies, and the reward system required to effectively integrate the new IT system into its business operations. IT-enabled investments should therefore always be treated as business programs, composed of a collection of business and IT projects delivering all the capabilities required to create and sustain business value.

This discussion clarifies the need for the business to take ownership of, and be accountable for, governing the use of IT in creating value from IT-enabled business investments. It also implies a crucial shift in the minds of the business and IT, moving away from managing IT as a "cost" toward managing IT as an "asset" to create business value. Acknowledging the prime accountability of the business in value creation initiated a shift in the definition of IT governance, focusing on the business involvement, toward "enterprise governance of IT" (instead of IT governance).