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Whitepaper

Governance & Management by Retained Organizations

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Content

Organizations are increasingly shifting to providing digital services. Proper Governance & Management (G&M) is needed to optimize delivery of these services – in collaboration with internal employees, chain partners and suppliers. Especially when many different services, regulations and partnerships are involved.

In this white paper, which is based on the book **Digitale diensten regisseren** (Governance & Management of Digital Services), you can read about the following (and more):

- What Governance & Management means today.
- What the major components of Governance & Management (governing, orchestrating and integrating) entail.
- How Quint's Governance & Management model works.

The importance of Governance & Management

At a time when the market is becoming increasingly digitalized, organizations need to transform digitally. Digital transformation is all about innovating, modernizing or creating business chains in which IT solutions play a vital role. To transform digitally and remain competitive, organizations acquire the best digital products and services on the market and combine them with their own services. Technological developments like cloud, AI and robotics offer new opportunities and are essential to a digital transformation. Internally, the transition to modern ways of working is is often based on Agile and DevOps. In addition, there is usually an existing IT landscape into which new possibilities and developments need to be integrated. This makes the services production chain (including IT services) within organizations more diverse and more complex.

Governance & Management of the chain is crucial to end-to-end digital services delivery. It is therefore not surprising that there is an increasing need for Governance & Management in order to keep digitalization moving smoothly. Many organizations are also wondering how they can set up effective Governance & Management without adding unnecessary bureaucratic structures. This white paper clarifies the most important Governance & Management concepts for retained organizations and provides methods and techniques, illustrated with practical examples, that you can use in your organization to efficiently design and implement Governance & Management.

"Governance & Management entails governing, orchestrating and integrating resources and people so that services can be delivered in a controlled way, enabling customers of the services to use them optimally."

Governance & Management can be applied to IT products and services as well as more broadly. We usually see Governance & Management applied to products and services that are specialized in nature, where the end users don't have the knowledge to understand the value and quality of the suppliers' services. This is why we also see Governance & Management in the healthcare sector, financial markets and the construction industry. It is used to ensure that quality is guaranteed, and that services work and are aligned.

Many of the processes involved in digital services become clearer if we use analogies from the artistic world. Many artistic and creative processes require collaboration between a variety of specialists. The integration of all the constituent parts is therefore crucial to success.

As indicated earlier, Governance & Management consists of the following components:

- **Governing/governance** = planning, as well as setting, disseminating and enforcing policies for orchestrating and integrating services. Monitoring compliance with these policies also falls under governance. Also known as plan in the plan-build-run model.
- **Orchestrating/orchestration** = having services set up and allowing them to be changed. This can be done either through projects or, more incrementally, based on scrums. Also known as build or change management.
- **Integrating/integration** = putting together services and delivering operational services (or having them delivered). Also known as operate or run management.

Orchestrating and integrating are also referred to jointly as management. This means we end up with two parts: Governance and Management.

The consumption of digital services and the creation of their components is not part of Governance & Management. This is just like directing a movie: the job of the director does not include acting in the movie or being part of its audience.

Figure 1. Overview of the different Governance & Management functions

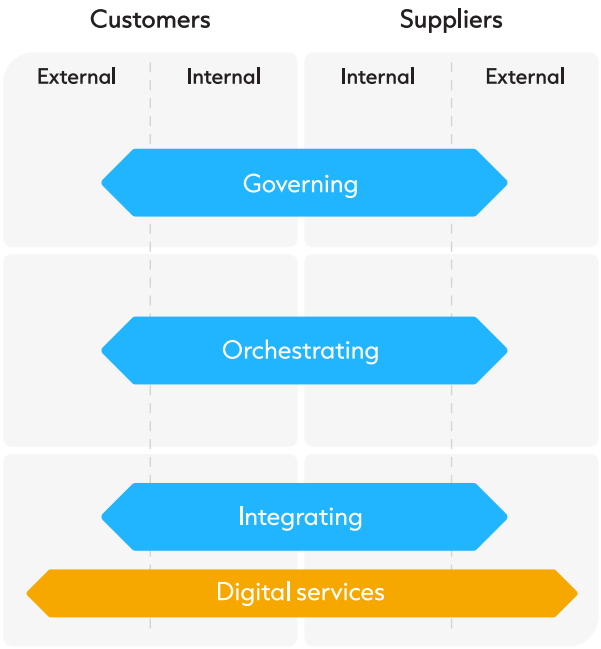


Figure 1 provides an overview of the different Governance & Management functions of retained organizations. A common misconception is that orchestrating is a tactical activity and integrating an operational one, because we show Governance & Management in three layers. However, the layers indicate a time sequence: you must first plan something (governing), then have it built (orchestrating) before it can be used (integrating).

Orchestrating and integrating (just like build and run) are equal activities that do, however, follow one another in a time sequence. So there is no hierarchy between orchestrating and integrating. Both, however, are controlled by governance (i.e. there is a hierarchy between governing on the one hand, and orchestrating and integrating on the other).

Governing

Governing, the first component of Governance & Management, consists of:

- defining plans and policies, including ensuring innovation – the actual implementation of innovations falls under orchestrating;
- making choices regarding target groups, wishes/requests and standardization;
- making choices regarding sourcing (with what parties will we create our services?);
- making choices about and planning the services portfolio and the related project portfolio in order to develop and maintain these services;
- ensuring monitoring (compliance, risk assessment, security, architecture and budgets) and managing the performance of orchestration and integration.

So, among other things, governance encompasses the responsibility for making choices. What target groups are we aiming at, who are our customers? What wishes/requests do we accept and in what order? Moreover, we should not underestimate the fact that governance entails making the choices regarding the standardization of services. Without governance there would no standardization.

Governance also involves never losing sight of the objectives and motives. What are we doing it for? What do we want to achieve? Governance is definitely not a goal in itself. This method of governance requires a set of rules that ensures that all those involved comply with the objectives, motives and plans. Governance is thus also "about specifying the decision rights and accountability to encourage desirable behavior in the use of IT" (Weill & Ross, 2004).

The COBIT framework is a leading standard for the governance and management of enterprise IT. The framework says this about governance: "Governance ensures that:

* Stakeholder needs, conditions and options are evaluated to determine balanced, agreed-on enterprise objectives.
* Direction is set through prioritization and decision making.
* Performance and compliance are monitored against agreed-on direction and objectives." (COBIT Framework, 2019).

Alongside governance, management (i.e. the combination of orchestrating and integrating) is also a major constituent part of Governance & Management. COBIT: "Management plans, builds, runs and monitors activities, in alignment with the direction set by the governance body, to achieve enterprise objectives." (COBIT Framework, 2019)

In practice, we increasingly come across the term "GRC" (governance, risk and compliance). Is this the same thing as governing (in the context of Governance & Management) or is it something else? Or does only the "G" of this abbreviation apply? Or maybe GRC is just a component of governing?

First of all, there are many definitions of GRC in circulation. Wikipedia does not provide an unambiguous definition either. On the one hand, it refers to a 2007 definition, quoting Scott Mitchell: "the integrated collection of capabilities that enable an organization to reliably achieve objectives, address uncertainty and act with integrity". On the other hand, it goes on to quote Terminus System: "GRC is a discipline that aims to synchronize information and activity across governance, and compliance in order to operate more efficiently, enable effective information sharing, more effectively report activities and avoid wasteful overlaps". (Wikipedia, Governance, risk management and compliance, 2019)

We distill from this that GRC is the specialism aimed at ensuring that internal and external guidelines are adequately followed so that the organization has an acceptable ethical and risk profile. What is acceptable is determined by the organization's board.

GRC is therefore part of governance and in particular part of "ensuring monitoring" as defined in this white paper.

Orchestrating

The orchestration component includes:

- defining services and changes to them, and defining their target group (persona);
- justifying the investment needed to put together these services or realize changes to them;
- selecting and contracting suppliers to define or change services;
- ensuring that the right people and resources are deployed so that the right things happen at the right times;
- building and testing the new/changed services; preparing them for delivery;
- introducing new/changed services;
- reporting on delivered changes.

Orchestration is where the complexity of Governance & Management really comes into play. Let's return to our film analogy, but this time we'll expand it to include making music and preparing food: at the same time as the film is being screened, an orchestra is playing and a variety of food is also being served. For digital services, this means all kinds of unrelated things are happening simultaneously. Actors, waiters and musicians are constantly intermingling.

To top it all off, there are all kinds of laws and regulations that must be complied with – copyright, maximum sound levels, food should by definition be organic... And finally, new films, music and dishes – experimental or otherwise – are being worked on simultaneously, which must not be to the detriment of what is already taking place in the hall and kitchen. Of course, the customer expects it all to run smoothly, because after all, everything looks very simple to them.

Many methods are available for orchestrating, such as PRINCE2® and Managing Successful Programs (MSP®) for the waterfall approach, and SAFe® (Scaled Agile Framework) and LeSS (Large-Scale Scrum) for agile working. From a service-oriented perspective, ITIL and IT4IT add the non-functional aspects for orchestration.

Integrating

The integration of components into services consists of:

- delivering operational services and resolving disruptions to the delivery of these services;
- ensuring that questions about the services are answered;
- extending the services within the set limits of the orchestration (additional workspace, authorization, etc.);
- reporting on the services delivered.

Integration has its own challenges. Integrating internal demand usually involves internal authorization from the management to keep control of demand. But this authorization does not exist for shared services (with user groups from different organizations) or when delivering to external users. The less centralized control there is, the more difficult it becomes to govern demand.

There is also no internal control when integrating the supply of external suppliers. In this regard, only contracts apply and above that the law – sometimes even that of a foreign country. This makes supply integration difficult – possibly even more difficult than integrating internal demand. This also explains why various studies into Governance & Management focus most of their attention on supplier management. And, as the number of external customers increases, managing them becomes increasingly important.

Fortunately, there are also many methods available for integration. ITIL, ASL, BiSL, IT4IT and SIAM, to name a few. SIAM is the most suitable method for managing across company boundaries; this applies much less to the other methods.

The Governance & Management model

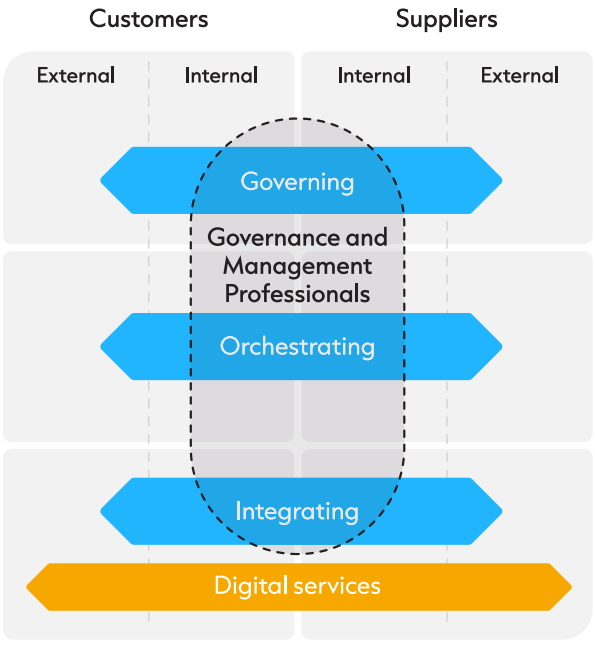
The three basic operations of Governance & Management (governing, orchestrating and integrating) are shown in Figure 1 which gives an overview of the different Governance & Management functions. If we combine these three basic functions with the three main actors involved in delivering and using digital services (i.e. customers, G&M professionals and suppliers), a nine-plane model emerges (see Figure 2) which resembles Maes's information management model (Maes, 2004). But if you look closely, it now has fifteen planes.

Because Governance & Management does not have to be the domain of a specific organizational unit, we prefer to represent it as an oval rather than a plane (see Figure 3). The oval makes it clear that the Governance & Management role can be virtual. It can also be performed by customers and suppliers.

The model in this white paper describes the simplest form of Governance & Management. Needless to say, the many frameworks that are now on the market, such as the DSGF developed by Quint, COBIT, IT4IT, ITIL and SIAM can be used to add further detail to this model, if desired.

Figure 2. Nine-plane model for the Governance & Management of digital services by retained organizations

Figure 3. Basic model for the Governance & Management of digital services by retained organizations



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