

# AMC



## How governing boards address the digital challenge (or not)?

Prof. dr. Steven De Haes

Antwerp Management School

# Agenda



- Boards and IT: Why
- Boards and IT: Benchmark
- Boards and IT: What and How
- Boards and IT: Conclusion



# Boards and IT: why



## Being in Control

- Do we have the IT enabled risks under control (eg. privacy)?

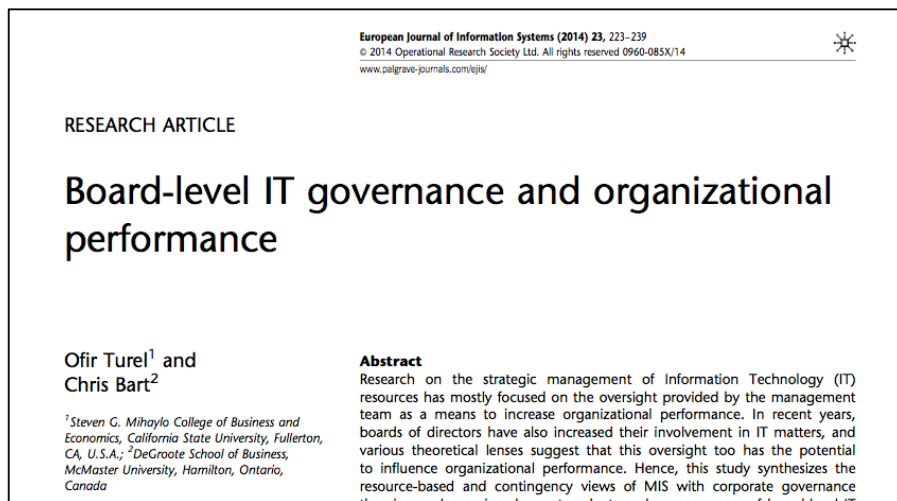


## Setting Direction

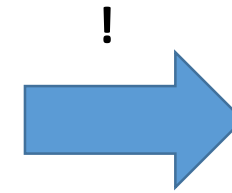
- Are we getting value out of IT enabled innovation (eg. digital disruption)?

# Boards and IT: why

- Empirical studies demonstrate that more board-level engagement leads to more organizational performance.



Board-Level  
IT Gov



Organ.  
Perf.

# Boards and IT: why

- However, IT remains the elephant in the boardroom

## Communications of the Association for Information Systems



**Boards of Directors and Technology Governance: The Surprising State of the Practice**

Stephen J. Andriole

*Villanova School of Business*

*Villanova University*

# Boards and IT: why (not?)

- “IT is something operational.”
- “We rely on the CIO”
- “The CIO is avoiding the confrontation with the board”
- “We do have insufficient expertise.”
- Age of the organization
- Number of “insiders”

“Indeed, the board might look at IT as a ‘non-issue’. As a representation of the shareholders, the focus often is on more strategic issues, such as for example mergers & acquisitions or liabilities, and in that case IT is often set apart as something operational”



# Agenda



- Boards and IT: Why
- Boards and IT: Benchmark
- Boards and IT: What and How
- Board and IT: Conclusion



# Boards and IT: benchmark

- Disclosure in yearly reports on technology governance
  - Very weak
- Corporate governance codes addressing the technology governance challenge
  - Very weak



# Boards and IT: benchmark



## Chapter 29


### The Board's Role in the Governance of Enterprise Information and Technology

*Elizabeth Valentine*  
*Steven De Haes*  
*Greg Timbrell*

**Table 1. King III IT governance principles**

Principle	Description
5.1	The board should be responsible for information technology governance.
5.2	IT should be aligned with the performance and sustainability objectives of the entity.
5.3	The board should delegate the responsibility for the implementation of an IT governance framework to management.
5.4	The board should monitor and evaluate significant IT investments and expenditure.
5.5	IT should form an integral part of the entity's risk management process.
5.6	The board should ensure that information assets are managed effectively.
5.7	A risk committee and audit committee should assist the board in carrying out its IT responsibilities.

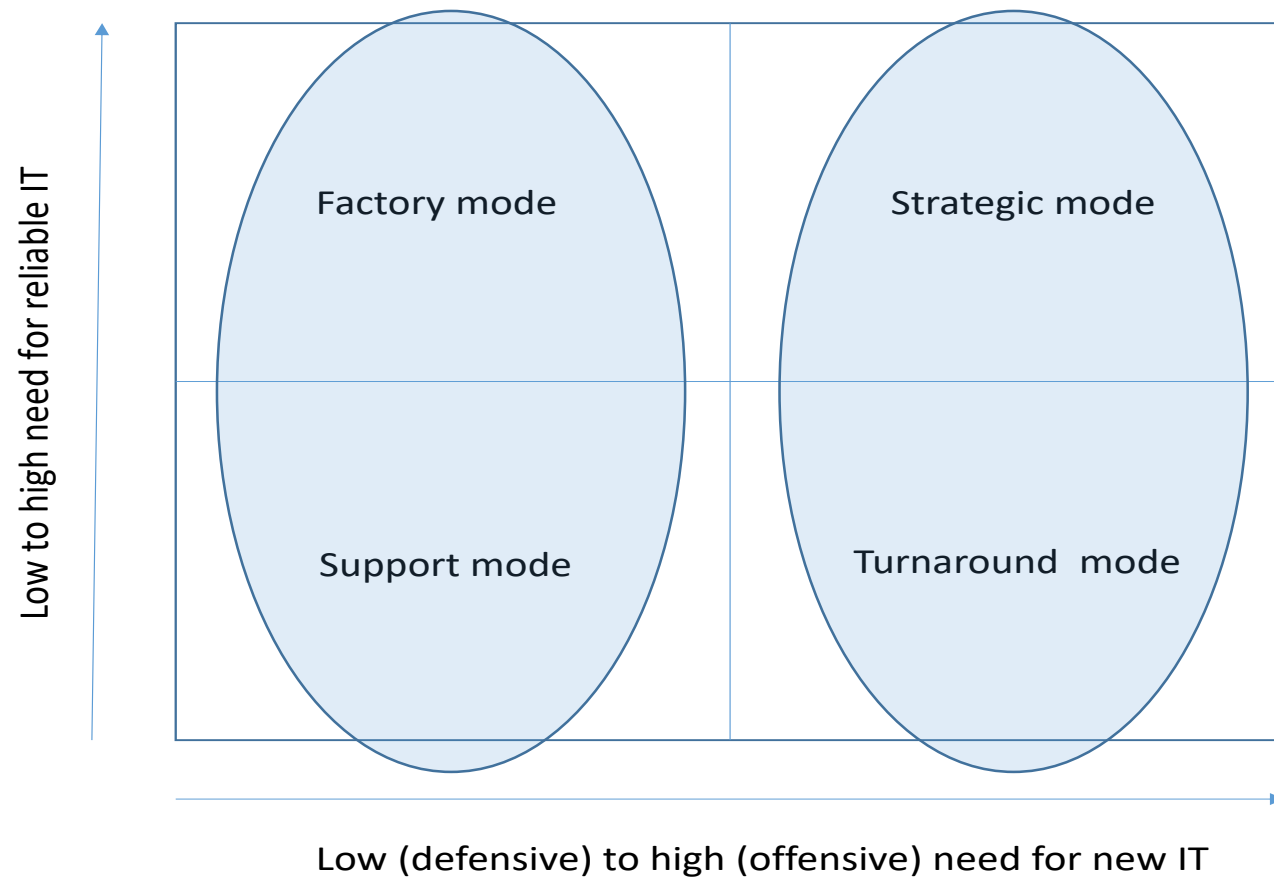
# Agenda

- 
- Boards and IT: Why
  - Boards and IT: Benchmark
  - Boards and IT: What and How
  - Board and IT: Conclusion



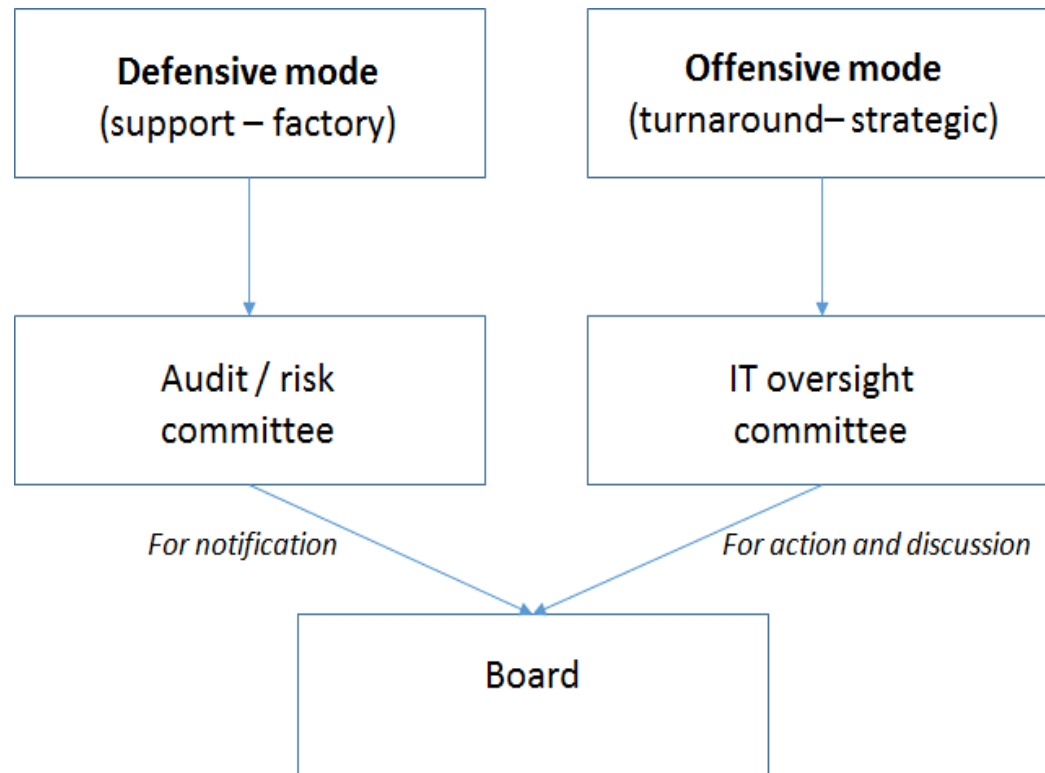
# Boards and IT: How

- Step 1: Articulating the role of IT



# Boards and IT: How

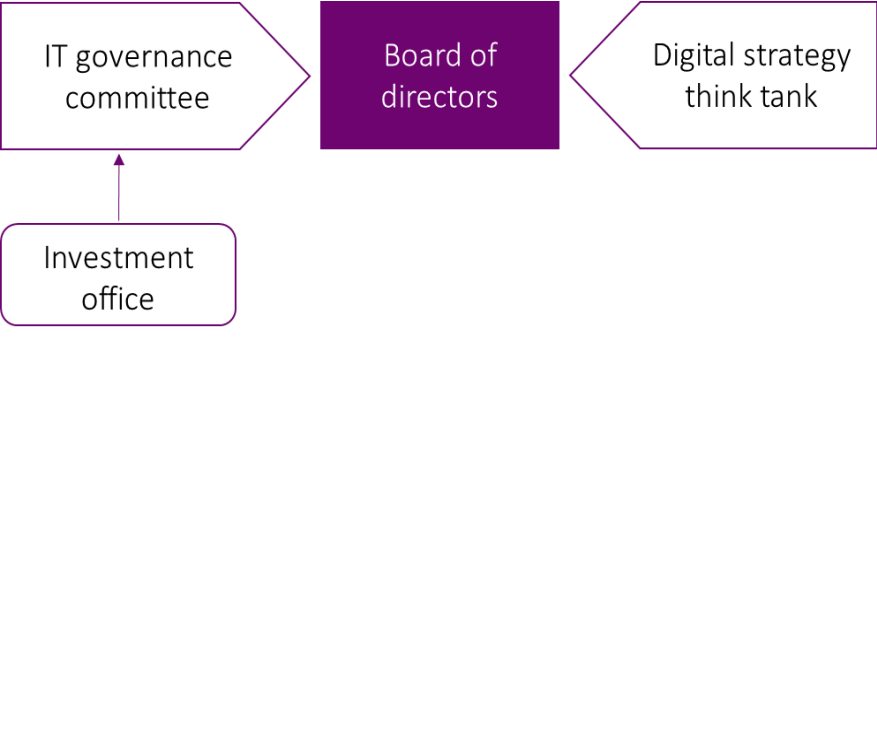
- Step 2: Build IT governance structure in line role of IT



“The board’s engagement in IT discussions highly depends on the composition of the board. As such, as a chairman, I should ensure that we have a balanced team capable of also addressing the digital challenges, next to the many other topics on our agenda. This requires experts in the board, or multi-disciplined directors, who understand the governance challenges around IT and digital”.

# Boards and IT: How

- Step 2: Build IT governance structure in line role of IT (example)



Scoring model			
Domain	Criterion	Investment examples	
		Digital displays facilitating communication on university campus	Online tool for international collaboration for education and research
Business domain	Strategic match domain education		
	Strategic match domain research		
	Strategic match domain services		
	Administrative streamlining		
	Management information		
	Marketing / image		
	Strategic match ICT policy plan		
Technology domain	Strategic IS architecture		
	Definitional uncertainty		
	Technical uncertainty		
	IS infrastructure risk		

# Boards and IT: How

- Step 3: Give direction and provide oversight: start asking the right questions

“The board should not look at the technical details of IT. The real discussion should be about IT enabled business transformations and business risks.”

need for reliable IT

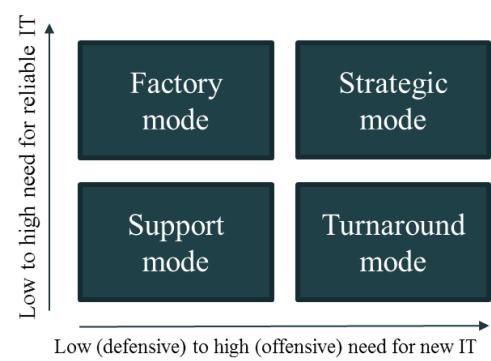
<ul style="list-style-type: none"><li>- Do we have fast-response processes in place in the event of an attack?</li><li>- Are we protected against possible intellectual-property-infringement lawsuits?</li></ul>	<ul style="list-style-type: none"><li>- Are our strategic IT development plan proceeding as required?</li><li>- Do we regularly benchmark to maintain our competitive cost structure?</li></ul>
<ul style="list-style-type: none"><li>- Has the strategic importance of IT changed?</li><li>- What are our current and potential competitors doing in the area of IT?</li></ul>	<ul style="list-style-type: none"><li>- Do we have processes in place that will enable us to discover and executive any strategic IT opportunity?</li><li>- Is our application portfolio sufficient to deal with competitive threat?</li></ul>

Low (defensive) to high (offensive) need for new IT



# Boards and IT: How

- Step 3: Give direction and provide oversight: monitor key metrics



Metric	Support		Factory		Turnaround		Strategic	
	A	T	A	T	A	T	A	T
Number of meetings of the IT strategy committee								
Number (%) of times IT is a topic on the audit committee agenda								
Number (%) of times IT risk is a topic on the board agenda								
Number (%) of times IT innovation is a topic on the board agenda								
Number of presentations from the CIO to the board								
Percentage of board members with expertise related to management or governance of IT								

A = Actual value  
T = Target value

# Agenda

- Boards and IT: Why
- Boards and IT: Benchmark
- Boards and IT: What and How
- Board and IT: Conclusion



# Board and IT: Conclusion

- “Boards need to extend their governance accountability, from often a mono-focus on finance and legal as proxy to corporate governance, to include technology and provide digital leadership and organizational capabilities to ensure that the enterprise’s IT sustains and extends the enterprise’s strategies and objectives.”

# Board and IT: Conclusion

“Board IT Governance is related to the fundamental mission of the board, which is strategy and oversight.

Given the nature of IT, I am of the opinion that the board should have an integrated approach on IT issues, because they will affect at the end of the day every element, every component of the business.”

**Board Member, Workshop Participant**

# Agenda

- Read our research



## Case study Agfa-Gevaert: how boards engage in digital strategy & oversight

This case describes how Agfa-Gevaert has set up its organizational structure, IT governance structures, processes and relational mechanisms to bring IT expertise in the board room.

[DOWNLOAD](#)

## Case study University of Antwerp: how boards engage in digital strategy & oversight

[DOWNLOAD](#)

## Toolkit 2: a board level dashboard for digital strategy & oversight

[DOWNLOAD](#)

## Toolkit 1: Building Digital Leadership Capabilities for the Board

[DOWNLOAD](#)

## Research briefing 3: Corporate Governance Codes & Digital Leadership

[DOWNLOAD](#)

## Research briefing 2: How Boards Lead & Govern Digital Assets

[DOWNLOAD](#)

## Research briefing 1: Addressing the Governance Challenges of the Digital Era at Board Level