CGEIT Exam Prep: Week 10

Final Review

Webinar URL: http://tinyurl.com/cgeitPrep
Dial IN: 641-715-3635 | CODE: 675-176#

Dec 10, 2009

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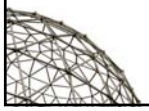

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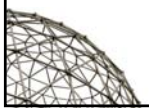
Resource Reminders

- **Share questions \ comments with class**
  - **Use: *cgeit@tunitas.com* or wiki**
- **Lectures and links**
  - ***http://www.tunitas.com/cgeit***
- **Class Wiki for notes and candidate contributions**
  - **http://cgeitexamprep.wikispaces.com/**
- **Weekly sample questions generally found at:**
  - ***http://Tinyurl.com/cgeit-wk#* where # is the week number**
- **CISA CPE (IT Governance Domain)**
  - **1 CPE hr for each class hr**
  - **Will send out documentation week of Dec 15**



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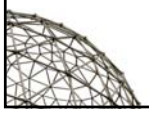
Schedule

- **Dec 12: CGEIT Exam**
  - Make sure to confirm location; allow for plenty of time to park, etc
  - Bring a supply of #2 pencils
  - If you are handicapped by poor eyesight.
    - Consider bringing magnifying glass as 'bubble sheet' is faint where it comes to entry of candidate & test number
    - Consider bringing some sort of pen light as lighting may be suboptimal
- **Dec 17: Exam Debrief**
  - Will send out a surveygizmo link this weekend. Please respond as the feedback will allow us to do better by candidates next time around



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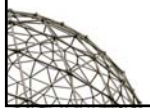
Agenda

- **Exam strategy**
- **Big Picture bullets by domain**
- **More on Value Delivery**
- **Your questions**



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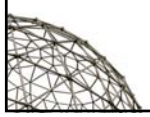
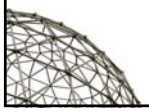
Exam Strategy | Governance Perspective

- Questions are subtle but not tricky
  - have a *CGEIT* rationale for selecting the option that you have.
    - Select a response option for reason related to IT governance
      - E.g. oversight vs. operations
- Try to identify the domain from which question was drawn
  - Then, apply general principles of that domain



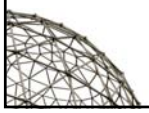
Exam Strategy | Incomplete Information

- Question may not provide as much information as seems necessary to unambiguously determine correct option
  - Be willing to apply your understanding of the most likely context for the question
    - Item writers are affected by their own bias about what is 'generally true' of IT and organizations and may not feel the need to include such information in the question
    - Demonstration of candidates maturity



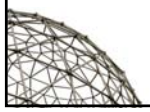
Exam Strategy | Guessing

- Best of 4 multiple choice test
  - No penalty for guessing / incorrect answers
    - Answer every question
      - Worst case: eliminate those answers that are clearly wrong and then guess 'intelligently'; e.g. pick the option that seems to have most general applicability
    - If have 'no idea'
      - Select the longest response option
      - Or, 'C'



Exam Strategy | Attitude

- Take the test serious
  - Exercise caution with items that seem overly easy, subjective or ‘irrelevant’
    - Give those items a second read,
    - ask ‘what might I be missing’,
    - know what governance principle is applied in your answer.
- With this test, *time is your friend* … use it!

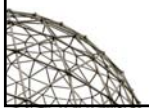


‘Big Picture’ Principles / Themes

- Small number of ideas are pervasive in the CGEIT book.
  - Choose question options that are consistent with the relevant principles.
  - If choosing answer, that is inconsistent with the principles, have a good (*governance*) reason why not!

General Governance

- Need for governance derives from Board responsibility to grow and protect enterprise assets
  - Top down directives
    - Alignment & value creation [build upon strategy]
  - Bottom up reporting
    - Performance & risk reporting
- IT governance is special case of corporate governance

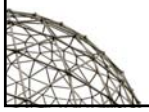


Frameworks

- Frameworks represent enterprise commitment to a particular discipline of ‘what needs to be accomplished’ in addressing a particular set of problems
  - ‘best practice’; customization; internally development
- Frameworks cascade from the top down
  - IT frameworks should elaborate corporate level governance framework (COSO)
  - Partial ordering of frameworks
    - ‘domain’ or ‘task’ frameworks, may provide detail where others are lacking (e.g. COBIT PO10 and PMPBOK)
    - Hierarchical relations need not be strict

Frameworks (cont)

- Frameworks vary in breath (application) and specificity (detail)
  - More detail => higher level of standardization => higher maturity
- Governance frameworks organize activities related to governance
  - Value delivery, risk management, performance improvement

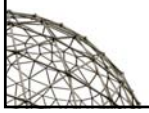


Alignment

1. IT strategy must support strategy defined by business:
   - IT imitative results in the achievement of specific strategic business objectives, and / or
   - IT initiative enables achievement of specific strategic business objectives
     - 'enables' = increases likelihood of success

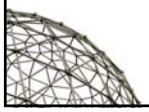
   Top down: business strategy defines business objectives => IT strategy

   If IT does not explicitly support objectives as above, then IT is not strategic. IT need not be strategic for all objectives.



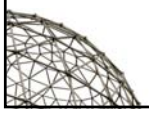
Alignment(cont)

- Business capitalizes on opportunities created by IT
  - Business strategy recognizes capabilities provided by IT … test for this less clear than converse
- Beyond strategic initiatives, the internal (non aligned) It strategy should be focused on cost effectiveness, (ie value is greater when cost is less)



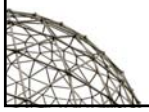
Value Delivery

- IT investments should be managed as portfolio, this means that each investment considered in the context of all investments
- IT investments must be valued in terms of effect on business outcome
  - Create or enable business objectives (quantified benefit)
  - Productivity improvement / lower cost => greater value
- Investment returns evaluated on a risk adjusted basis



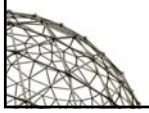
Risk Management

- Risk owned by the business
  - Risk acceptance determined by business leader
  - Duty to report risk in business terms
  - Duty to report risk on continuing basis
  - Duty to re-evaluate and report risk on events
- Relevance of risk to any / all information criteria (eeciacr)



Resource Management

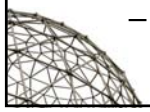
- Standardization & process maturity is a necessary condition of resource maximization.
  - Driven by enterprise architecture
- Maximize resource capability in areas of core competency
  - Otherwise seek most cost effective (out)source



Performance Measurement

2 category of measures; indicate distinct purposes

- Contribution to business objective(s)
  - Cascade from business scorecard
    - Indicates achievement of IT goals
  - Subject to dilution; compensate by collecting multiple measures
  - Diagnostic of issues related to failures in strategy
- Operational efficiency and effectiveness
  - Service metrics marking continuous improvement (or not)
  - Diagnostic indicators of defects / failures in process



Value Delivery Review

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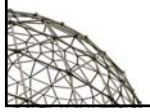
IT Portfolio Management

- **Systematic approach to manage a large number of IT projects**
- **Benefits**
  - the quantification of IT efforts, enabling measurement and objective evaluation of investment scenarios

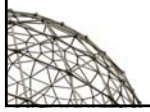


Val IT

- **A framework for the governance of IT investments**
- **A formalized statement of principles and processes for IT portfolio management.**

Val IT Drives Business Value

- **Provides**
  - a set of guiding principles
  - processes supporting these principles defined in terms of management practices

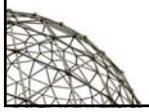


Val IT Domains

- **Value Governance (VG)**
- **Portfolio Management (PM)**
- **Investment Management (IM)**

Val IT -- COBIT

- **Val IT focuses on the investment decision**
  - are we doing the right things?
  - are we getting the benefits?
- **COBIT focuses on the execution**
  - are we doing them the right way?
  - are we getting them done well?



Val IT Principles

- **IT-enabled investments will :**
  - Be managed as a portfolio of investments
  - Include the full scope of activities that are required to achieve business value
  - Be managed through their full economic life cycle
- **Value delivery practices will:**
  - recognize that there are different categories of investments that will be evaluated and managed differently
  - define and monitor key metrics and respond quickly to any changes or deviations
  - engage all stakeholders and assign appropriate accountability for the delivery of capabilities and the realization of business benefits

be continually monitored, evaluated and improved

Val IT

IT Portfolio Management

- **The Management Team**
- **The Selection Criteria**
  - Value Determination
  - Risk Rating
  - Tangible and Intangible Benefits
- **Inventory**
  - Complete list of all projects and support services
  - With enough descriptive information about each to allow them to be analyzed and compared
- **Business Case**
  - Value metrics
  - Risk metrics
  - Intangibles
- **Corporate Standards**
  - NPV
  - IRR
  - Ratios
- **Performance Measures**
  - After investment decision
  - Actuals vs Expected

Benefits Classification

Value Driver	Type	Financials	Intangibles
• Market share growth • Regulatory or control enhancements • Revenue growth • Productivity • Operational risk reduction • Quality improvement • Cost containment • Capital reduction	• Mandatory Change • Maintenance • Business Growth • Business Transfor-mation	• Bus Drivers • Risk Ratings • Resource Requirements • NPV • ROI • IRR • Cash Flows • Total Benefits • Cost savings' • Implementation duration • Breakeven duration	• Reputation enhancing • User defined metrics • Employee moral

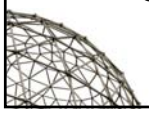
Risk Identification

Project Risks	Support Services Risk
• Project delivery risk • Project budget compliance risk • Project time frames • Level of staffing and other resources • Availability of data • Architectural complexity • Funding stability • Changes to scope, requirements, priorities, or external environment • Extent of new technology or process deployment	• Ability to deliver to business needs/degree of business alignment • Impact on business performance • Time to issue resolution • Level of compliance with policy, regulation, and law • Security and business continuity readiness • Technology performance and availability • Architectural complexity • Level of staffing and other resources. • Vendor viability

Governance process determines the most important risks
Business cases describes how benefits compare to risks

Monitoring

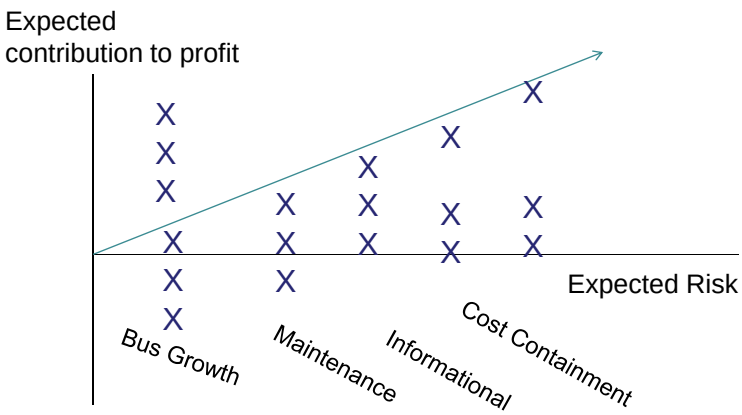
- **Different purposes need different measures**
- **Portfolio Managers**
  - Value measures for the portfolio
  - Impact statements
  - Cost-benefit analysis
  - Risk assessments
- **Program Managers**
  - Project status—milestone completion
  - Project risks
  - Actual spending
  - Critical path analysis



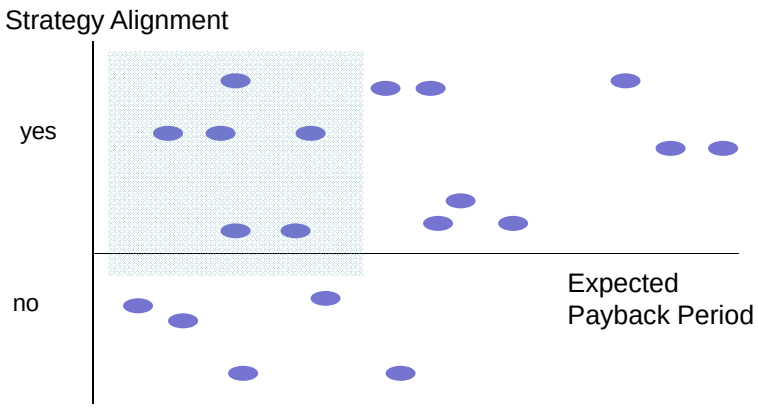
Sun IT Portfolio Management

- **CIO and PM team**
- **Meets every 2 weeks**
- **Reviews all IT projects underway and proposed**
- **Uses Sun standard Value and Risk metrics**
- **Determines what changes are necessary across the board**
- **Never looks at one project in isolation**

Portfolio 1



Portfolio 2



Key Questions for Val IT Domain

- **What are we spending our available resources on now?**
  - What are priorities—alignment with objectives
  - How are resources allocated
- **Who are we and what are we trying to accomplish?**
  - Strategic alignment
  - Value drivers
- **What are the investments that will provide the greatest leverage?**
  - Are there corp standards to meet
  - Formal business case models and template
  - Identified financial measures
  - Prioritized intangibles—market dominant, easier friendlier comp, safety is first
- **How many investments can we successfully take on at a given time?**
  - Resource management
- **How will these investments interact?**
  - Duplication of efforts
  - Dependencies/synergies