IBM

Moderator: Angelique Matheny
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Operator: Good afternoon, my name is (Beth) and I will be your conference operator today.

At this time, I would like to welcome everyone to the IBM Conference Call.

All lines have been placed on mute to prevent any background noise. If you should need assistance during the call, please press star then 0 and an operator will come back online to assist you. Thank you.

Ms. Matheny you may begin your conference.

Angelique Matheny: Thank you (Beth). Hello everyone and welcome to this Rational Talks to You Teleconference – Best Practices and IT Governance with IBM Rational.

I'm Angelique Matheny with IBM Rational and I'll be your host for today's call.

About today's session, today you'll learn what capabilities IT Governance solutions can provide to help you achieve more effectiveness cost savings and innovation.

We'll also discuss the best practices that support our Enterprise level priorities such as globally distributed environments, packaged application development and Serviced Oriented Architecture or SOA of course.

We have several excellent panelists today and I'd like to do some quick introductions. We have Dave Trent, Product Manager for Rational Method Composer. (Jim) Heumann, Requirements and (unintelligible) for IBM Rational and Phil Vogel, Worldwide Offerings Manager also for IBM Rational.

Dave has been in the IT Industry for over 15 years, prior to joining Rational, he consulted in a variety of industries, across a variety of roles including Project Manager, Requirements and Business Analyst and Developer.

Dave has been primarily focused on process at a macro and micro level sense joining Rational including the use of tooling as a process adoption enabler. He has successfully helped numerous customers improve their software capability using (Wrap) and other methods.

(Jim) has delivered over 100 workshops, tutorials, training classes, conference presentations and Webcasts on a variety of subjects including requirement management use cases, object oriented analysis and design, visual data analysis UNL and using use cases to generate test cases among others.

As his title suggests – job title suggests, his primary role is to promote and educate on the importance of integrated requirements management.

Phil is responsible for process, project and portfolio management solutions with the IBM Rational Software brand. Phil has worked in the software industry for the past 15 years with roles and management, product management, technical marketing, product marketing and marketing communications.

He has been a frequent speaker on a variety of software industry topics, and has authored several papers. Phil's diverse experience prior to high tech, includes financial services, environmental consulting, freelance copyrighting and hotel management.

So we really have a wealth of knowledge and experience for you today.

Now you want find any slides to this conference, these calls are really for you. We've already had some really great questions submitted through email for these teleconferences.

But if you would like to submit questions to our panelist after this teleconference, please email us at askusnow@US.IBM.com, that's A-S-K-U-S-K-N-O-W @US.IBM.com. Just put the title of this teleconference in the subject line.

Well I think you've heard enough from me, so let's get started. I'll now turn it over to our panel. Phil.

Phil Vogel: Thank you very much and thanks everyone for joining today. Again, my name is Phil Vogel and I'll get us kicked off here, and then myself and the other panelist will hopefully help provide some useful information to you today.

So you know the topic basically is governance and it's a term that is – probably all of us would agree overuse today you hear it everywhere you see it everywhere.

So we wanted to take you through today the little bit of what's our prospective on it you know, what is the relevance to Rational and the ability to govern software and systems delivery.

And governance can be defined in many, many different ways. I bet if we asked everybody on the call today, they would all have slightly different definitions.

I think you can boil it down to a few – you know a few key areas I think efficiency control and value are our three sort of components of that. Particularly today with the global – globally distributed nature of most of our organization. I know that is certainly true for IBM and that's probably true for your organizations as well.

How you make – how do you do efficient work, how do you complete projects? From a management prospective how do you make sure that you're getting efficient productivity particularly when you have a globally distributed workforce and all the cultural and other challenges that you face with distributed teams.

The other thing is about control in terms of, you want to have control, certainly it's at a management level, you want to have visibility into what's going on. But you don't want to micro manage you want to leave enough flexibility for your teams to be creative to come up with new and innovative solutions to problems.

At the same time you have budgets that you need to manage to and strategic goals that you need to deliver again. So, how do you balance that?

And then finally on the value part you know, how do you really measure value. How do you really measure whether your teams are being successful, whether you're talking about you know, the productivity of team members, or meeting the ROI of a particular product – projects.

So if you want to boil it down to three, I think there are three key areas that you can talk about efficiency control and value. I think what you see is an increased focus in organizations on the business outcome. You know more and more particularly in IT, there is a need to prove the value or whatever it is that is doing.

There is obviously lots of organizations where there is movement to reduce spending. So there is you know, guidance given to IT departments to cut cost.

Meantime I think from the – you know, form the CIO's prospective what they want to do is to really deliver maximum value from IT and really get a seat at the strategic table, and not be seen as a cost center, but be seen as really critical for any business to differentiate themselves from the competition.

When you think about you know, our focus and the context of software and systems delivery. You know, some of the trends that we see, some of the challenges that our customers face, certainly have projects across multiple business units and multiple locations is a problem.

You know, organizations complaining about really feeling like work happens in a silo manner and there not being enough high level visibility. People not just being able to execute on projects appropriately, knowing – you know,

knowing that just not having a high enough success rate in projects. But not knowing exactly how – what to do about it, how to fix it.

Quality is certainly another area just in general. You know, making sure whatever software and systems you deliver you have the right amount of quality and time to market.

So balancing all of these different things, you know distributed teams. Improving projects execution, improving quality and all in this much more complex and competitive environment means that our customers and I'm sure organization will see some of this face increasing challenges.

Now when you think about some of the, you know, the business realities – the impact of failure around governance and not being able to appropriately govern particularly around software and systems delivery.

You know we have examples of you know, major airline taking a multi billion dollar hit because non compatible software used at different factories where their components were built.

You hear often about you know, some of kind of Web data security issues where some company accidentally releases a bunch of confidential information, for security and quality comes in to play there.

And then in terms of internal operation problems, great examples of companies with problems with their ERP Systems where it costs a significant operating loss.

So there is no doubt that the inability to really govern your software and systems delivery efforts can have a very direct and significant impact on your business results.

And if you think about some of the problems and we'll get into that today. But I think you know it comes down to a few fairly simple things. One is in terms of visibility and just not having the right amount of business and technical insight.

I think process plays another key role whereby you know, just not everybody in the organization understanding what their role is and what the goals are and there being confusion around that.

And requirements is certainly another area where you know, if people aren't clear on exactly what it is they are trying to achieve, then clearly it's going to be difficult to have success.

So at Rational we have a platform of different offerings, and we don't have representation from every single one of them today, but certainly from some of the key ones.

So our platform includes change and release management, quality management, architecture and construction as well as integrated requirements management and process and portfolio management.

So today on the call you'll hear particularly about the impact of governance and irrelevance of governance as regards – process and portfolio management, requirements management and – so that's what we're going to focus on today.

And really all of those different areas that I described that Rational plays in are all part of an integrated governance and lifecycle management solution. But those are the particular ones we're going to focus on today.

So, with that I think I'd like to ask the panelist to begin by just talking about some specific examples that they have seen around different areas of governance and issues that customers have struggled with.

Dave you want to kick us off?

David Trent: Sure, thanks Bill. Well I - as mentioned, governance is really all about people, process and tools. Just like process, governance release should be done with the thought of doing it for people and not to people.

Organizations often need to take more time to consider the ability, the organization to adopt change. Details of change and time for adoption really is inverse related to the size of the group.

The more people that are impacted, the more broad etching is what is being governed really impacts the amount of time the organization requires to adopt that change.

In order to make a change really both the organization and the project level has to have something in it for them – for everybody. Otherwise it's doing the things to people not for them as I just mentioned.

People need to be involved in defining and shaping what will affect them, and not that everything is necessarily done via her democratic vote. So things certainly just need to be a part of your governance process.

This certainly just with instituting process and governance having a process component, you need to make sure that the people who are being impacted have some level of buy in to what they are doing.

Really, I see governance as change of responsibility, authority and communications to empower people, with measurement policy and control mechanisms to enable them to carry out their roles in the responsibility.

All too often unfortunately companies – the same way I see often happen with process try to go from having nothing defined, to something that very overburdening.

And if I had to pull out one thing that was the biggest mistake companies make in this regard in adopting governance rather that would be it.

Rather again going back to the ability of the organization to adopt, to adapt, you have to take a reasonable pragmatic approach to how much change the organization can take. And make sure you're making effort to clearly and effectively communicate what that level of change will be.

Involve the individuals affected, and set out a reasonable policy that can be governed. In trying to go from none to overburden there is failure in some respect. Failure to be able to do the day to day business, failure in understanding what needs to be done instead of governance being something that is adding to the value process it unfortunately destroy it in those situations.

Thanks Phil.

Phil Vogel: (Jim).

(Jim) Heumann: Yes thanks. Yes, so I'm – I have a focus on requirements and requirements management. So that's kind of, where I'm coming from here.

And one example or symptom that I saw not to far back was, I was actually at a conference and struck up a conversation with a guy he was a developer in an IT group and we got talking about requirements and I was curious how their group did requirements and he said that they didn't do requirements at all.

And so they just kind of guessed what their uses wanted and they would do a release and I asked them how that went and he said their problem was that usually they did too much. That they would do the release and the users would say why did you include that we didn't need that. So clearly that's inefficient, it's not about improving the business.

So that was one symptom of a lack of governance. Another symptom I often see is that when IT really doesn't have any access to business stakeholders. You know they, I mean – that could have been the cause of the thing I just mentioned.

But other times you know development teams want to talk to business stakeholders but they are in a different building or, somewhere else around the world there is just not a cultural way or an organizational way to really talk. Maybe the business stakeholders you know provide a document and they never actually talk.

So you know, governance really is verifying helping to ensure that IT projects really do provide benefits to the business, not just to the users.

And so a lot of that is about writing down the business goals, making sure they are understood, and making sure that IT project requirements actually trace to them.

So that is about you know, good communication between the business folks, the business stakeholders and the IT folks.

And one other thing is that you know governance really is not just about control, but it's about enablement. So if you are trying set up a good governance program and you're not enabling the people on the various teams, it's likely not to succeed. You k now if you're doing, taking a more lifecycle approach for traceability across from – all the way from the business goals down to (test), people need to know how to do that.

They need the understanding both as far as process is concerned as well as hopefully tool support for that sort of thing.

So, that's it for me. Phil do you want to give us your thoughts on this?

Phil Vogel: Sure, I'll throw out a few examples there. So, I'll skip around a bit even though Dave is focusing on process it made me think of an example of a company that had a number of different projects going on. It's very much in a style or activity and they had some new management on board and wanted to somehow solve this problem.

And it really did all start you know, you think about process as not a particularly I don't know, sexy topic if you will. But I think people often miss the point about the business value that can be had if it's applied appropriately. In I think usually a phased fashion tends to be more successful.

And this particular organization which is a large bank that had grown through any acquisitions. Simply by starting out with small increments and defining you know the different roles and responsibilities, defining the goals of different departments in the organizations getting everybody to agree on that.

And then defining some metrics in order to be able to measure success. You know enable through the use of an integrated platform of tools. It has made a huge difference and has really helped be much, more successful and coordinate their efforts.

To be I think kind of related to that the whole notion of visibility is a key one. And you hear often people talking about aligning business with IT. And I think to me where that comes down is really needed the right amount of – you know, really figuring out what metrics do we want.

I mean there is so – there is so much data out there in this world, that just figuring out okay, you know I can't sift through all of it. What are some of the key things that I really need to know – really need to understand to manage my business.

And let's just focus on those rather than trying to – steal a phrase from a colleague, "Boil the ocean." And so I think that you know, that need for visibility is really key, and so the ability to also balance kind of the technical – the technical side as well as the business side.

So depending on your role obviously there is going to be different types of measure that you're interested in. You know if you're in a very senior role you're probably interested more in the bottom line, you're managing towards some strategic goals. You want to be kept up to date on the overall status of

the different projects and initiatives that you're funding and that you've established as priorities.

But you certainly – you're not interested in sort of the nitty gritty details you just want to feel comfortable that different projects are on track. And that your overall maturity of your organization is improving, and that you're executing better.

Down to more at the project you know, project and program manager level. Or are you more interested in a day-to-day progress. And all the way down to practitioners and I think that's often overlooked.

They are a practitioner I want some visibility too, it's not just the manager or the, you know, the VP that is interested in metrics. I'd like to know the – you know, the impact of the project that I'm working on. You know, see where it stands, see what other products are going on across the organization. I think – I do think that's overlooked often.

So, I guess to summarize I think it's just visibility for all the different roles in the organization you know, appropriate to their role and the right mix depending on what you're interested in of both business and more technical size metrics is key.

So kind of related to that I think you know, one of the things we've done is define kind of a maturity roadmap if you will for governance and risk management. And based on what we've seen customers across all different industries try to do, and they all describe it as a roadmap which would imply that it is sort of phased approach, meaning you have to complete step one before you can go to step two.

The truth is that organizations are trying to do lots of different things at the same time. So let me describe this roadmap a little bit and see – sorry was momentarily distracted by instant message. I thought for – somebody might be warning that they couldn't hear me or something.

Anyway, so there is a few different – there is a few different layers, four different sort of phases if you will. The first one is about visibility and control and I just kind of talked about that a little bit.

And that is actually where we see most organizations today is just being able to understand exactly you know, how things are progressing in the organization. Really understanding in terms of the different projects and other investments how things are moving forward, are we on track, are we not on track.

You know to what extent we can automate some of the workflow. I think a lot of this comes down to process, really understand roles and responsibilities. You know, to put it simply getting everybody on the same page particularly even distributed organizations is a key first step for this governance maturity.

And then I think the next one that we will talk about is enabling the management to focus on results which is really all about effective product management. Being able to plan out projects, having good estimation about how long it is – you know how long do we really think this is going to take to complete this project and having some good historical data upon which the base shows those measurements.

And automation comes into play here as well where you know, today we – a lot of organizations you know the way that they get updates is through Excel Spreadsheets and PowerPoint.

And there is a lot of manual updating going on, and a lot of time being wasted with members of the team spending their time manually providing updates via email or at meetings or you know, con calls.

So that they have this visibility, if you know, to the extent that you can automate that and capture some of that and enable these things to collaborate more effectively in automated ways that gets you to yet a higher level of maturity on the governance track if you will.

And then I think the next one we talk about is treating – treating assets as investments. And that's really about you know all the different assets that you have in your organization. The most valuable of them being resources, but obviously there are many other assets as well, really being able to manage that portfolio of projects as assets of resources of all these different components that make up your organization.

Understanding the value that you have and investing appropriately. Up until the final phase which is really this notion of constantly measuring and delivery business value portfolio management is the key thing there.

Where you know, if you're able to have everyone on the same page in terms of process, understanding who is doing what, and roles and responsibilities, and what the goals are etcetera, everyone is speaking a common language.

You're able to automate a lot of the capturing of information about the different projects that you have, what the status is, what the risk are, what the cost are etcetera as well as having that type of information about all your different assets.

Once you get to a phase where you can – you have all that information and you can feed it into a system where you're getting real time updates. Then you can really do portfolio management in the sense that you can constantly access all of this different work that's going on. That you're spending all this money on, that all your resources are spending time on.

And constantly evaluate are we doing the right things, are we investing in the right areas, and do we have the right balance.

We may want to invest in a few very high risk projects, or we don't want to put our entire budget into that.

You know, so do have the right balance of you know high risk, high return versus some more conservative projects versus some – so keep the lights on things that we know we need to keep doing.

And can we – can we continuously see how those are going and really feel comfortable and where there are problems, and of course there is always going to be problems and issues.

You know the earlier that we can see them, the earlier that we can find them and address them the less damage they are going to do.

So, what I'd like to do is have the panelist talk a little bit about – from the prospective of their areas of focus, with Dave on process management and (Jim) on requirements management, talk a little bit about how their areas relate to different places on this maturity curve.

And I have forgotten if we were starting with (Jim) or Dave on that. So…

David Trent: I'll be happy to start Phil.

As far as – well more of a process centric prospective goes, the four stages that Phil just noted. Stage one, that Phil had noted establishing visibility and control, and freeing the resources – as me freeing resources to focus on innovation if you will.

There is a lot that we can do from a process specification perspective. By making sure that people understand what their responsible, accountable consulted or informed on.

Leveraging if you will that racy set of response builders that many of the governance frame works do require a little leverage.

Also what's the work product lifecycle, right? At what point in the process do you need to be concerned about requirements being done to a certain degree. Or, do you have to worry about your test being perpetuated if you're doing an iterative endowment lifecycle, so on so forth.

There are some times when artifacts are complete, and there are some times it is perfectly acceptable as you move through your SDL – Software Development Process. That you're able to go ahead and say no, this is something that we are continuing to change, adapt and evolve in partnership perhaps with our stakeholders – right? To make sure that they are satisfied at the end of the day.

Part of what comes in with that establishing visibility control is well – as far as accessing the current status of the organizations. Now I had mentioned in the introduction portion, that organizations ability to change an important part of planning what you're trying to take on with regard to governance.

If there is already, some strong governance polices in place. Perhaps there is a lot more detail that needs to be out of there. A lot more that needs to be concerned about automation or enactment of your process if you will.

But if you're just getting started, really getting everybody to agree on the key things that need to be controlled. And how they are done throughout the lifecycle, and what tool you use to communicate that. Those are obviously some very important initial decisions.

Stage two, equipping development managers to focus on results. You can think of that attaining value from agile programs perhaps if that is your organizations focus. The idea of building in some sense of response mechanism, having some sort of collaborative feedback loop around the process.

And that collaborative aspect is so important, to often what we see in governance is the more traditional command and control paradigm. We've gotten authoritarianism, rigid control mechanisms in place.

And as a result, there is a lot of bureaucracy overhead, time consuming and unfortunately meaningless metrics. And many, many status meetings in a sense they are involved, that aren't necessarily adding value to the process.

Rather you should be focusing more on collaboration, accountability, fast-paced decision making. Because at the end of the day it's really all about good software economics, balancing your risk, having changed to be a competitive advantage.

Because change is certainly going to happen, but managed change is what's truly important.

And empowering people, again the governor is being something that's being done to. Not to be done to, but rather for people that are under the governance of being made.

A Phil mentioned Page three, treating development assets as developments. Really, optimize the development portfolio, providing visibility in the future risk and such, and the context of past performance.

So whatever you're doing from a process perspective, often times you hear of having a postmortem or figuring out what went well and what you could do better in the next part of your engagement.

The same thing from a governance perspective, how is your governance being managed effectively. What are some things that didn't add value to the process? What are some things that cause pain? What are ways you can govern those to make it less intrusive as part of what you're trying to accomplish while running your business.

(Jim) did you have any thoughts from a requirements perspective?

(Jim) Heumann: Yes thanks I – as a matter of fact I do. And I'd like to give a real concrete example. I mean if we think about stage one, establishing visibility and control in this maturity curve.

When we think about requirements it's really having a life cycle view of you know, from – all the way from the business down to the lowest level of the development process.

So, say you've got an insurance company, and there is a problem out in the field. There is – the field offices are having – they've got a huge backlog of applications for insurance that they are trying to deal with and it's taken them a long time to figure those out, or to get them processed.

So you know, there is a business problem, they are losing business because of their lack of ability to handle all these applications.

So, you know we do some analysis on that, we do some root cause analysis. Figure out what the problem is, you know, we maybe do fishbone diagrams or other sort of techniques.

Find out that it just takes a long time for somebody to go through and check the claim forms for errors.

So we're going to have an IT project that is going to automate that. So we have a direct business problem we're trying to solve, we figured out the root causes.

So, then we get down into that basically the problem space. And when we get down into the solution space as far as the IT Department is concerned, we have a – say a feature requirements that's directly related to that.

So we're going to have a requirement that says something like we must check or automate checking claim forms for errors. That's not enough detail to develop by, we probably have a (youth) case that is called you know, Check Claim Form.

And then you know moving on down there is going to be a design based on those requirements, there is going to be test cases. And – so we get visibility by you know, hooking all that stuff together. By traceability and making sure, that one thing leads to the next.

As far as the next stage is concerned, we have equipping development managers to focus on results and you know again that's about meeting goals the results are.

And so having a well-defined set of requirements give you the tracking and the monitoring you need.

You also at this point about getting results having a good base lining strategy being able to manage changes to requirements and see what an impact it will be important to that.

And then on Stage Three, we're talking about trading development assets as investments. And I do have to say that I travel around the world very often talking to people about requirements.

And almost everywhere I go people come up to me and ask we're – we've got this big Legacy system and we're either re-hosting it, rewriting adding to it, and we don't have the requirements for it, how do I reengineer the requirements.

And you know people had the requirements probably to begin with but they didn't keep them up to date and it is a lot of work to do that. But requirements can be a significant asset for your company when you get to a point where you need to modify or re-host, and you don't have to reinvent the wheel to do that.

And that's it for me for this part.

Man: (Jim) you made some good comments there, let me just add on to one of those things.

You we're talking from a requirements aspect as far as what the organization wants to check from a governance perspective. I really didn't speak at all to metrics and measurements, and that's actually one of the key parts, one of the requirements aspects if you will of what you're doing for actual governance programs.

A lot of folks don't necessarily see the different projects in their portfolio as potentially needing to have different measurements as to making sure that they are achieving their governance wishes for that particular project or program or system.

But often times surprisingly at the many customers they really are different metrics that are involved. It really depends upon your business goals that are taking shape.

For example if you want to lower cost or improve your efficiency there are things you need to focus on such as your defect density scout cost and schedule project metrics. Your test execution time, how long does it take you to do a null release for example.

But, some organizations aren't necessarily primarily concerned with their cost. And I'm not saying that companies aren't concerned about cost, but rather depending upon what your IT application is trying to accomplish from a business perspective, it maybe more important to trade off improved cycle time for time to market as opposed to slightly reduced cost.

If these are overriding concerns well certainly, things like defect density still come into play. But when you talk about your project schedule, really it's much more important if you're trying to get things out the door. The time box, your requirements generation, your design, your tax and deployment and build an overall coherent package of functionality.

Cycle times doesn't necessarily depend much on productivity and product influences. But rather, the cost in that cycle time is what we're trying to focus on here.

Now of course newer projects are going to have much more flexibility than older projects when it comes to these things. And newer projects are going to have much more requirements of volatility and such when you're worried about lowering your cycle time for times and markets.

That's why it's all the more important to make sure you're choosing a metric, because as functionality as we all know for better or for worse. Once you start to institutionalize what your metrics are and how you're measuring them, people will compete against those goals.

And if you're portfolio or project really has different business objectives. I gave the example of lower cost versus lower cycle time, you need to be careful to align the proper metric for each of those projects as well.

Man: Thanks (Jim). (Phil) did you have something more to add?

Phil Vogel: Yes, I think I'll just hit on a few things related to project and portfolio management. So, you know you hit on some of the key metrics points. I think that the point I made earlier about having the right mix of you know, both

business level metrics you know in terms of scheduling and financials and resource cost and that type of thing, mixed with the more technical things like you know defect density and couture and other things.

Having the right balance of that to support the right kind of decision-making is key. And particularly again because you have these globally distributed teams, you know its all – what you see is this all sort of – it all really does come together in like in all of these different areas really need to work together for companies to have good governance.

So, you know, you state your goals with requirements. You determine exactly what you're trying to achieve. You know you prioritize them; you define how you're going to go about it in process. You define what the measurements are in process, and then you actually you know, are able to pull in that data and measure it.

I think another key piece is automating the entry of that data. Because the more that you're able to capture data automatically from your practitioners as part of their everyday work. As opposed to having to have them go to a lot of meetings or send a bunch of email updates or you know, or input something manually somewhere.

One obviously it's going to make them more productive and happier employees because no one really likes doing that kind of stuff.

Two, the more you automate it the more likely that data is to be accurate so that you know that you're making decisions based on good data as opposed to data that you're not sure about. And you know you have sleepless nights wondering whether or not you know the decision to invest in A versus B is really the right one.

Or, whether that project is really going to deliver on time or not. One of the other things we see I think the companies are struggling with that sort of relates to this curve or this notion of – in other words you hear a lot about agile and people want to practice agile.

And there is – you know there is again it's one of those things where different people have different definitions of it.

But certainly we see organizations wanting to take more agile approaches, but not wanting to necessarily jump in 100% they want to try it out on some different projects. But so did that visibility of the sort of more traditional software development and traditional project management methods.

So I think the extent to which companies can experiment with different methods – different ways of executing on projects, different ways of developing software, and still get a decent layer of visibility and metrics and control at the top is certainly a key way to improve their maturity.

And this notion of flexibility I think is so important and whenever you know, any time we are – you know, when we think about the products we have today and what the priorities are and the roadmap of where we're going, this theme of flexibility and openness is so critical.

Because this you know, this motion of capturing data is an important one and automating it is a key piece of it. But we also recognize that data exist in lots of different places, and though we would love for everyone to you know, have everything on IBM, people own lots of different tools, they own ERP systems, they've got all kinds of databases, and they've got financial systems.

So you've got all kinds of different systems where key data resides. And so we need to ensure that for our customers that they can pull in that information from wherever they need to support their organization and make better decisions. And I think that's a key thing that IBM focuses on that I think is very valuable.

And that rolls all up into this notion of you know, being able to manage your programs and your portfolios. Pulling in all the relevant information, being able to summarize that and roll that up and make the right decisions.

And you know, going back to what we were talking about earlier in terms of sort of the efficiency in measuring value and having the right kind of control. If that – you know, those are all key components of being able to do that.

So, I guess to kind of summarize we're you know, you've heard from a number of different – of the panelist on their different areas. And I think we've heard lots of different points on how we sort of move up the scale.

Again I think it's worth pointing out that you know, companies are working on multiple phases of these – multiple areas at the same time. It's not as if the company says well I'm just going to work on process and I'm not going to think about automation. Or, my project management maturity, or starting to do some program and portfolio management.

Typically we see companies trying to make progress in all areas. But I do think that it is also true that the more you're able to improve your maturity at the lower level in terms of process and metrics and basic project management execution. That then your ability to do good program and portfolio management increases on an exponential level.

So I think that pretty much summarizes the various topics that we wanted to hit on with panelist.

I know we have some questions that came in. And I think Angelique you were going to share some of those with us, and we can take a stab at some answers.

Angelique Matheny: I sure do, I have some really great questions that came in through our askusnow@US.IBM.com. How does – you just I think in regards to what you just talked about, how does IBM reconcile this point of view on IT governance with contents like agile? Which has a more of a loose type structure and less is more?

Dave you want to start with that?

David Trent: Sure Angelique I'd be very happy to. Rational has been talking about for well over a year now, the concept of agility of scale. And a lot of times the Agile with a capital A, the actual agile concepts that are being practiced as "agilests do," I am often confused with being agile lowercase A, if you will, the idea of having a nimble organization.

And while certainly you can adopt agile techniques, there is certainly amount of give and play regarding how you want to have that agility of scale.

Whether it's your degree or governance, taking into account the team size you have, your application complexities, geographical distribution, the way your organization is distributed whether you're doing outsourcing or partnerships or work with other third party folks so on and so forth.

So it's really important from a lean perspective, from an agile perspective that you get your governance framework in place. That you work through your

missions and principles. That you have clear direction and underlying principles to encourage your right behavior, that you have organizations and meetings that there is a board structure probable reporting mechanisms so on and so forth that involve the right level of stakeholders that are adding value.

That you have rolls and responsibilities that are clear as we talked to before, processes to make sure that everybody understands and have the relationships that are effectively and efficiently by having communication.

Policies and standards and measures to roll out the things you need in that framework. Because otherwise you end up having what I refer to earlier is that more traditional command and control paradigm in your governance model as opposed to having that more agile respect where you're focusing on accountability, collaboration enablement, business alignment.

Because when you do that, you're able to balance risk so much better and have flexibility in your organization. Which is really what agile is all about. Agile true agile really has a number of things associated with it, which requires a fair amount of work with the process.

It isn't an excuse to not have process, rather it's own paradigm of process that still requires all the associated governance aspects.

When we first started today's introduction one of the comments I had made is that it is very important to make sure that governance isn't just effective at the organization level, but rather it be finance or whoever is requiring various governance measures in place, that they be complied with, that they are getting what they need. But rather also that the project get something out of it as well.

And that's the balance here from a lean governance or agile perspective. That you're making sure projects are doing what the need to do within their own processes to be effective, while at the same time balancing back and taking to account the organizational demand.

Because there are many different ways that governance comes into play. Whether it's things from a governmental level such as what you're doing with the FDA or stocks in the US, (Basal Two) and various parts of the world, so on and so forth.

Or if you're choosing to do things like CMMI, there are various things you are choosing to be governed by, it's just a matter of doing it at that proper level. So that what you need from your organization doesn't hinder your project level.

Thanks.

(Jim) Heumann: Hi, this is (Jim) and I just wanted to add a couple of things to that. First of all, if you want to know a little bit more about self practices for lean governance there is a series of articles written in the rationale edge and online ezine. And that's – you can find that on IBM.com on developer works. That would be a good place to look at that.

But as Dave said you know agile is a – you know good agile processes are highly defined and highly prescribed.

So, it's not an excuse not to do process, but they are designed for speed, which means that they minimize documentation, which you should just be aware of. You know, if you are doing governance particularly for regulatory

compliance, for meeting audits. Be aware that what you need to pass those audits.

So, important just to understand up front why you are adopting a governance and what the requirements are. And make sure that the – whatever process you use whether its agile or not, will meet the requirements that you have and maybe you might have to customize a process to do that.

And that's it for me on this topic.

Angelique Matheny: I – you mentioned this maturity curve this four stages. I think our audience would really be interested in knowing where do most companies sit? And how much is progressing through as tools versus process?

I think Phil can you start us off with that?

Phil Vogel: Yes be happy too. So, first we talked a lot about it and we're so used to dealing with slides and stuff. So let me just quickly summarize this from high level descriptions of the different phases again so people know, sort of the impression of what we're talking about.

So, first – the first stage being about visibility and control, the second one enabling managers to focus on results. The third one really about treating your development assets as investments, and then the fourth one being that this notion of constantly being able to measure an access and deliver business value.

And I think where we actually see most customers today is still at this lower level. In that people still struggle to have that visibility and control and you know, the project management maturity that they would like to have.

I think there is a lots of – you know, there has been a lot of improvement, but many organizations that we have gone into are still using you know, as their primary project management tool being you know, Excel. And for reporting purposes you know, data manually put together and put in a PowerPoint slide.

And then process often – you know, often sort of being described and perhaps in Microsoft Word or put on some Website. And, so we feel that – see a lot of our customers continue to be at that lower level.

And so that's why – you know that's why I think there is a lot of talk about (discoverance) because there is a lot of promise there. But what you are really talking about is a transformational exercise and that's – you now, there is a lot more too that than just bringing in some tools.

So I think we're seeing you know, more and more organizations beginning to adopt. The ones that tend to be successful are the ones that do it in incremental fashion. And you know, as you have success in a particular phase and you can move on.

But I also think that you know as I said before, organizations tend to work on sort of all these – to some extent at the same time. And there is nothing wrong with that, I mean you're learning throughout that whole process.

But the bottom line is you know, without the – without moving up that curve, without having the right level of visibility and control the project management maturity, the automation really having an inventory of all your different assets and be able to manage and measure them as investments.

You know, without those core capabilities you're limited in terms of how much you can really manage your program, and manage your portfolios.

So I think as we see organizations improve at the lower scale, you know, you don't see more and more advancement on the higher scale as well.

Angelique Matheny: And (Jim) or Dave feel free to jump in here if you have any comments.

(Jim) Heumann: Yes I would – this is (Jim). I would just say to this idea of you know, tools versus process that tools can really help automate a good process. But if you don't have a process that's well defined, if you don't have a way of doing things and the control that we've talked about, understand who is supposed to do what, tools aren't going to help you much.

So, you know they can add usually to efficiency but if we're you k now, looking at what is most important I think the getting the organization right, getting a commitment to good government.

Governance is the most important thing and then adding tools just makes it better. Thanks.

David Trent: (Jim) that's a great point. Naturally although I tend to hold up the process side of things, given my role as the Rational Method Composer Product Manager, and the flip side of that is true to.

Unfortunately too often I see organizations deciding to just implement process. The thought that oh, they'll bring in tools later. And even if they do use Rational Method to compose their document, their process and such. And have that good communication of expectations and who is doing what, when and how, with all the milestones and such.

At the same time they are finding that their work has become a little more complicated or now they've got more things to do. Or, now what they need to do needs to be communicated to somebody else. And they are lacking those tools to help make that happen as part of their process.

So just like with anything else tools and process there needs to be a good balance.

Angelique Matheny: Okay I think we have time for one more question, I think this is a really good closing question. How can IT governance help IT become strategically relevant and add business value? Anyone just feel free to jump in there.

Phil Vogel: This is Phil I'll take a stab at that one. So, I think that is you know, that is the – one of the core reasons why you see all this discussion and news about IT governance. It is because it has been seen typically more as a cost center. It's the place you know, the place that fixes your laptop and keeps your email running and a lot of people don't you know.

I think it's changing but that has historically been sort of how IT is viewed. So it has been viewed as a cost center where we certainly particularly because of our focus on software and systems delivery know that if you're able deliver software and systems effectively, be that for internal operations or for customer facing scenarios , that it can make all the difference in the world, you know personally speaking.

You know simple examples like the – like the Website that I go to for my bank. I mean there is some banks that have great Website's very easy to use, everything process smoothly.

And there are others where you're – you know, searching around to find what you need and it is frustrating. And those kind of things are enough these days to make someone switch from one bank to another, Or you know, one retailer to another.

So you know that is just one sort of obvious example. So I think that you know that's a key area.

One example of a customer we worked with was a major utility company where the VP of IT was frustrated with his perception of his organization as a call center and was typically not included in the strategy round table if you will.

And so you know, he really set about making it – organizing his IT organization in such a way. And setting up a series of processes and measurements so that it was – it became much more clearer that there was a part of IT that certainly was more sort of keep the lights on type of activities.

Where it makes all the sense in the world to control cost and maximize efficiency. But that there were other things that IT could deliver, particularly through software delivery that really could make a difference for this organization competitively.

And as the – as he was able to demonstrate this quantitatively, two other members of the executive team. Now the whole perception of that IT organization changed, and now you know, he is – he and his organization are considered just what he a - you know, he wanted them to be as a key strategic player.

And any discussion about new direction, new initiatives you know, new markets whatever you know, that is one of the first questions that is asked is, you know, how can IT help us make this happen. How quickly can you make it happen?

And I think we see a lot of IT organizations you know, wanting to play that kind of role.

Man: I tell you bring up a lot of good points there. One of the things I see from a business strategy perspective when you're talking about governance is – governance plays into so many different parts.

You had talked about some things that might touch your operations governance; you had talked to IT portfolio governance and such before, and IT strategy governance.

But, there is so many other things that folks don't necessarily think of that come to mind when governance is well. Your enterprise architecture, how you govern data, how you chose to govern your services lifecycle, SOA and such comes into play potentially as well.

So many different areas that really are of course strategic importance to the business, not just in how it impacts what your business objectives are directly. But also how IT manages itself.

Man: Thanks Phil.

Angelique Matheny: Will thank you very much I think we've – about run out of time here. Thank you Dave, (Jim) and Phil, this was a very valuable session. And we appreciate you sharing your knowledge and experience on today's topic.

I just want to put in a plug and mention that IBM Rational Software Development Conference going on. Are any of you speaking at the conference this year?

(Jim) Heumann: Yes this is (Jim) I'll be speaking on Writing Good Use Questions.

Angelique Matheny: Oh excellent and Dave or Phil?

David Trent: Yes this is Dave, I'll be speaking – providing an introduction to our MC and helping people better adjust with the paradigm shift that it offers.

Angelique Matheny: Oh excellent, excellent. Anyone else?

Phil Vogel: Yes this is Phil, three for three. I'll be speaking too; I'll be leading the keynote for Projects and Portfolio Management, Process Management, and reporting.

And updating folks on various things we've accomplished since last year's conference as well as talking a little bit about our future direction.

Angelique Matheny: Wow, that's great, I look forward to meeting all of you.

This year we're back in Orlando June 1st through June 5th at the Swann Dolphin Resort. You guys are part of 300 sessions focusing on 14 tracks, so we got a lot going on there.

If you would like to listen to this conference again, or share it with your colleagues, this will be made available for replay in MP3 format in the next few days.

To continue conversation on today's topic we have a Webcast available titled "Best Practices the Integrated Project and Portfolio Management Platform with Neil LeBlanc and Bruce Baron."

Also for more of our Rational Talks To You series, check out the Rational Talks To You page at IBM.com/Rational/Talk. This includes the other titles in this series, so be sure to join us for the next one of March 27th at 1pm Eastern.

I'd like to thank our speakers today, Dave Trent, (Jim) Heumann, and Phil Vogel for being with us to talk about Best Practices in IT Governance with IBM Rational. I appreciate you taking the time out.

We would also like to thank you, audience, for your interest in IBM. We hope to see you back for another one of our events in the near future. Thank you very much. Talk to you soon.

END