



IT Governance Global Status Report—2006

The IT Governance Institute®

The IT Governance Institute (ITGI™) (www.itgi.org) was established in 1998 to advance international thinking and standards in directing and controlling an enterprise's information technology. Effective IT governance helps ensure that IT supports business goals, optimises business investment in IT, and appropriately manages IT-related risks and opportunities. The IT Governance Institute offers original research, electronic resources and case studies to assist enterprise leaders and boards of directors in their IT governance responsibilities.

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Table of Contents

Executive Summary	5
Project Objective.....	5
2005 Survey Sample	5
Global Reach.....	5
How to Read the Report	5
Key Findings of the Survey	6
1 Survey Approach and Methodology	7
1.1 Survey Approach	7
1.2 Funnel Analysis	7
1.3 The Sample	7
2 Survey Results	11
2.1 Introduction.....	11
2.2 Importance and Benefits of IT	11
2.3 IT Problems and Potential Solutions	17
2.4 Awareness and Use of IT Governance Frameworks.....	22
2.5 Awareness, Use and Perceptions of COBIT.....	28
2.6 General IT Profile.....	34
2.7 Cross-references.....	37
3 COBIT User Sample Survey	41
3.1 Introduction.....	41
3.2 Awareness, Use and Perceptions of COBIT.....	41
4 Conclusions	45
4.1 Funnel Analysis	45
5 Appendix	47
5.1 Compound Problem Index.....	47
5.2 Highlights of Most Important Findings From Large Geographic Areas.....	47
6 Table of Figures	48

Executive Summary

In 2003, PricewaterhouseCoopers (PwC) was commissioned by the IT Governance Institute to conduct the first global research into awareness, perceptions and applications of IT governance and IT governance frameworks. The value of those results made it clear that there would be great benefit in repeating the survey on a periodic basis, to track trends and uncover new material on these topics.

In 2005, PwC was commissioned by ITGI to conduct the second global survey on IT governance. The survey was conducted from July 2005 until October 2005 and this report highlights the most significant findings.

Project Objective

The purpose of the research was to reach members of the C-suite to determine their sense of priority and actions already taken relative to IT governance and their need for tools and services to help assure effective IT governance.

This high-level objective was translated into the following more detailed objectives:

1. Survey and analyse the degree to which the concept of IT governance is recognised, established and accepted within boardrooms and especially by chief information officers (CIOs).
2. Determine what level of IT governance expertise exists and which frameworks are known and are (or will be) adopted.
3. Measure the extent to which ITGI's own solution, *Control Objectives for Information and related Technology* (COBIT®), is selected and how it is perceived.

2005 Survey Sample

The survey group consisted of two subgroups of CIOs and CEOs: those selected from a random database and those from ITGI's contact database. The total number of interviews conducted was 695, of which 623 were from the random sample of organisations and 72 were from ITGI's database of registered COBIT users. In general, this report includes the responses of:

- Both groups combined (i.e., the full sample) for all questions not related to COBIT or to the selection of frameworks
- The random sample only for those questions that were related to the acceptance and use of frameworks
- The ITGI COBIT user sample and the COBIT users amongst the random sample for those questions that were specifically COBIT-related

Global Reach

The interviews were conducted worldwide (in 22 countries) and in the language of the interviewee. All continents/regions were represented.

How to Read the Report

The report contains five chapters:

- Chapter 1 explains the methodology used to conduct the survey.
- Chapter 2 contains the detailed survey results.
- Chapter 3 focuses on the results from the COBIT community.
- Chapter 4 contains the results of the funnel analysis.
- The appendix contains further information on the compound problem index and the findings from the largest geographic areas.

Key Findings of the Survey

1. IT is more critical to business than ever.

For 87 percent of the participants, IT is quite to very important to the delivery of the corporate strategy and vision. For 63 percent of the respondents, IT is regularly or always on the board's agenda.

2. General managers feel more positive toward IT than IT managers do.

Compared to IT managers, general managers attach even more criticality and importance to IT. In addition, they are generally more satisfied with IT and with its strategic alignment with the business.

3. Significant differences amongst industry sectors exist.

IT/telecom and financial services appear to be better performers when it comes to IT governance, while the retail and manufacturing industries are lesser performers. These outcomes are in line with the degree of strategic importance of IT in these industry sectors.

4. IT staffing is the most important IT-related problem.

When taking into account all aspects of a problem, such as frequency of occurrence, severity of the problem and future evolution, IT staffing appears to be the most important problem in IT.

5. IT security is *not* the most important IT-related problem.

When taking all dimensions of the problem into account, security (and compliance) is ranked last of eight IT problem categories.

6. IT outsourcing is out.

IT outsourcing is no longer seen as the most effective measure to resolve IT problems. As business and IT have become increasingly aware of the fact that IT *problems* cannot be outsourced, they have tended to bring control of problematic systems back in-house.

7. Awareness of ISACA and ITGI has increased.

Awareness amongst the general IT population of the ISACA and ITGI brands has almost tripled compared to the 2003 survey.

8. Awareness of COBIT has increased.

Awareness in the general population of the existence of COBIT has increased by 50 percent since 2003, from 18 percent to 27 percent. In addition, one out of six respondents who know COBIT claims to know the contents to a great extent.

9. Sarbanes-Oxley has not created the anticipated effect.

The US Sarbanes-Oxley Act extends management responsibilities, requiring that managers proactively ensure that financial statements and other public reports are accurate and complete. This means that proper IT controls should be in place.

However, a lower than expected number—only 38 percent—of the COBIT users indicated that Sarbanes-Oxley legislation or other new accounting-related legislation or regulation was the reason to introduce COBIT in their organisation. (The survey did not distinguish between 'old' and 'new' COBIT users, which could explain the result.)

10. IT governance (and COBIT) is not as easily implemented as originally estimated.

A number of results lead to the conclusion that implementing IT governance is not as straightforward as perhaps once thought. The same conclusion can be made regarding COBIT implementation. Putting things in perspective, however, these results confirm that:

- Good IT governance practices are not built overnight; they require time and continued commitment.
- Implementing COBIT is not a matter of taking it out of the box and implementing it as written. Instead, it is a process of selecting the most appropriate elements, tailoring them as needed and applying them to the specific needs of the organisation.

11. COBIT is being used by about 10 percent of the IT population.

The current acceptance rate of COBIT—i.e., the percentage of the general IT population using one or more parts of COBIT—is now 10 percent (at least). Given the relatively large number of respondents indicating that they use an internally developed IT governance solution, it is probable that there are a number of 'hidden' COBIT users who have implemented portions of it in their own enterprise-specific solution.

1. Survey Approach and Methodology



1.1 Survey Approach

The PricewaterhouseCoopers International Survey Unit conducted 695 interviews with CIO- and CEO-level individuals throughout the world. The interviews were conducted by telephone or mail, depending on the participant's location, and in the interviewee's native language.

Each interview took, on average, between 15 and 20 minutes, a duration that was selected to balance comprehensiveness and feasibility. The interviews were carried out under the Market Research Society and Marketing Research Association codes of conduct, guaranteeing complete anonymity of the participants. None of the information obtained in the interviews has been attributed to any individual and all comments have been treated in strictest confidence.

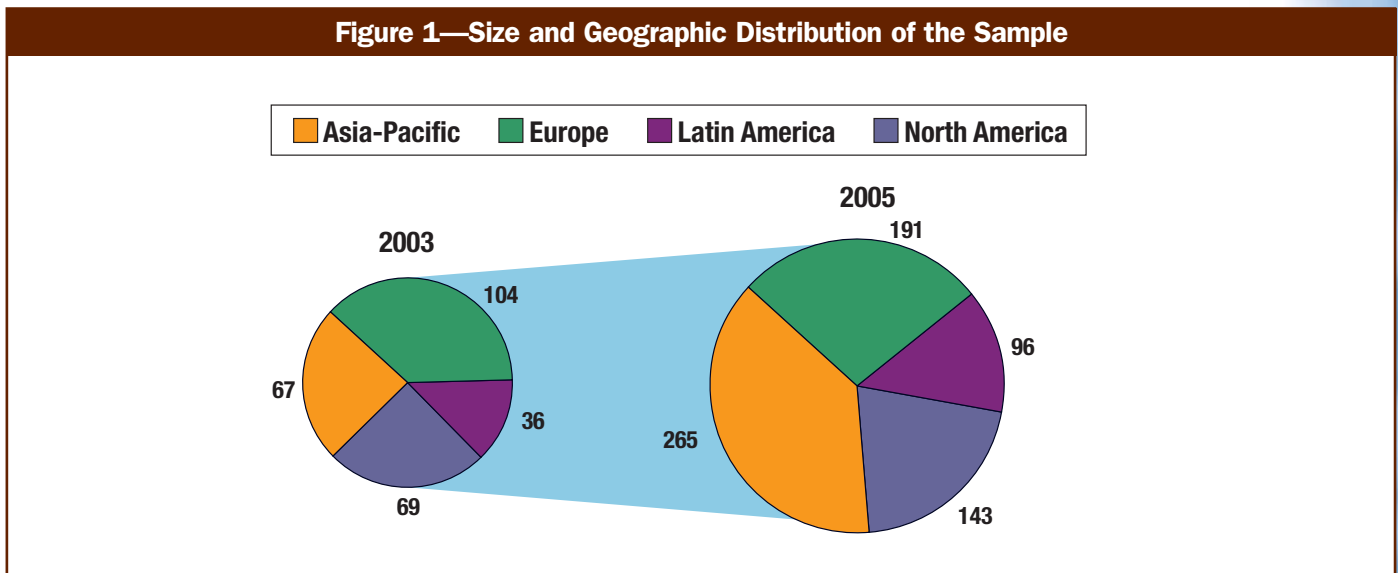
1.2 Funnel Analysis

The final result of the survey is a funnel analysis (see chapter 4). Starting from the overall IT community, composed of the decision makers over IT (CIO, CEO), the funnel analysis establishes:

- Which part of the IT community experiences problems with IT
- Which part of this group recognises the concept of IT governance as a potential solution to this problem
- Which part of this group is aware of the practical solutions to this problem and of the fact that the adoption of COBIT may offer a solution to the IT governance problem
- Which part of this group actually adopts and implements COBIT

1.3 The Sample

The size of the sample was increased from 276 respondents in the 2003 survey to 695 respondents in the 2005 version (figure 1).



A more detailed analysis of the respondents' IT profile is provided in section 2.6 of this report.

Thanks to the increase in the sample population ($n = 695$), the error margin decreased from 6 percent (in 2003) to 4 percent. With a confidence level of 95 percent, the error margin is defined as follows [worst case of 50/50 (p and q)]:

ConfidenceLevel_{95 percent} = $2 * \sigma = 4$ percent because
$$\sigma = \sqrt{\frac{pq}{n}} \approx \sqrt{\frac{50 * 50}{695}} \approx 2$$



The results are therefore reliable (at a 95 percent confidence level) with an error margin of plus or minus 4 percent, i.e., results must be a minimum of 4 percent different before any meaningful conclusion can be drawn.

1.3.1 Geographic Reach

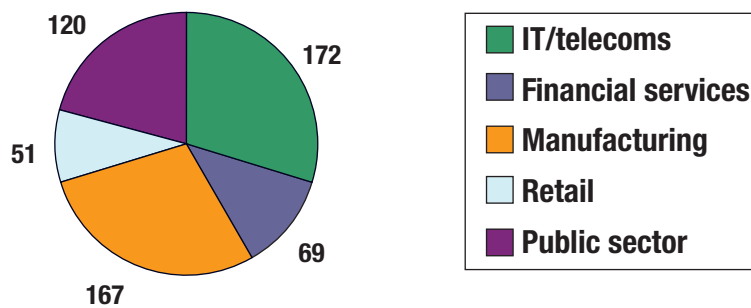
Figure 1 shows the increase in number of interviews and the geographic reach of the project. It is noteworthy that the share of Asia-Pacific participants has grown from 24 percent in 2003 to 38 percent in 2005. The reason for this increase in Asia-Pacific participants is two-fold:

- By design, more Asia-Pacific participants were targeted in this study; a new Asia-Pacific country, India, was added to the random sample.
- The response rate in the Asia-Pacific area was much higher than average.

The following countries were included in the survey:

- North America (21 percent of the respondents)—Canada, Mexico and US
- Europe (27 percent)—Belgium, France, Germany, Italy, Spain, Sweden, The Netherlands and UK
- Latin America (14 percent)—Argentina, Brazil, Chile, Colombia and Peru
- Asia-Pacific (38 percent)—Australia, Hong Kong, India, Indonesia, Japan and Singapore

Figure 2—Participation by Industry Sector



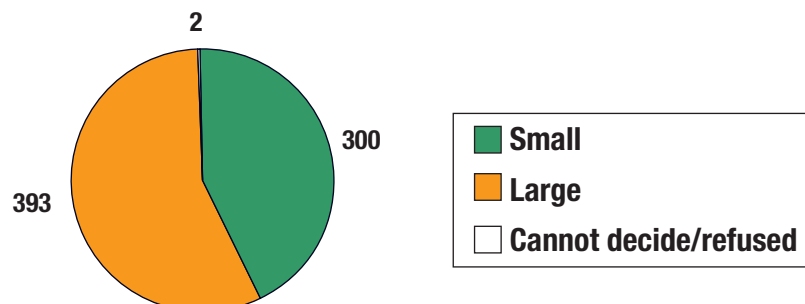
1.3.2 Industry Participation

Figure 2 shows the participation by industry sector.

1.3.3 Size of the Respondents' Organisation

The survey results have been differentiated by large (>500 employees) and small (<500 employees) organisations. As shown in figure 3 the sample contained 43 percent small organisations and 57 percent large organisations. The number of small companies has increased from 38 percent in 2003.

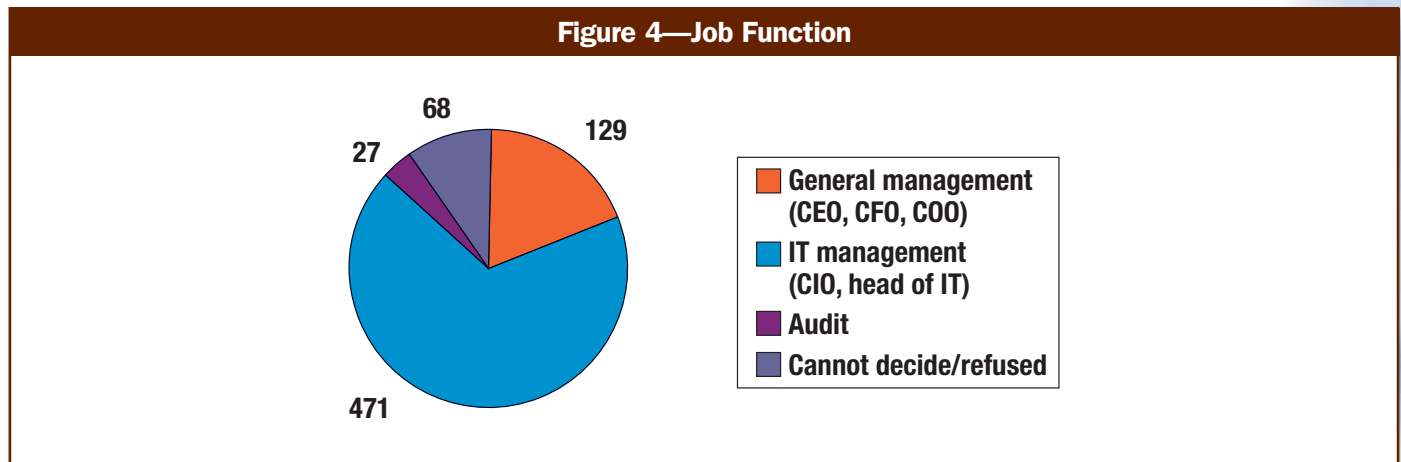
Figure 3—Organisation Size





1.3.4 Respondents' Job Functions

As shown in **figure 4**, 19 percent of the participants can be classified as general management, while 68 percent are IT management and 4 percent are responsible for audit-related functions.



In the 2003 survey, a marked hesitance to discuss IT governance was noted on the part of CEOs and general management. There was no significant change in that behaviour in the 2005 survey.





2. Survey Results

2.1 Introduction

This chapter of the report contains the detailed answers to a selection of the most important questions of the survey. For each question, the following information is included:

- The overall results, i.e., results of the whole sample without any geographical, industry or any other breakdown
- Comment on the results, if applicable or relevant
- A breakdown of the results by region, industry type, organisation size or respondent profile, if significant.

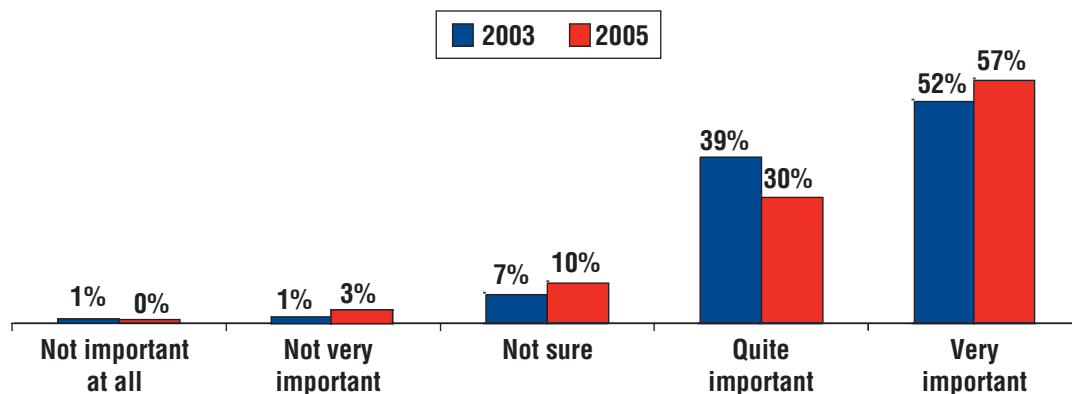
This information is included only if there are meaningful differences amongst different categories and/or if the sample size is still representative.

Many of the questions were posed in both the 2003 and the 2005 surveys. In most of those cases, the results from both years' surveys are presented, for comparison purposes. If only one set of responses is presented, either the question was used in 2005 only or the comparison with 2003 did not offer any particularly meaningful additional information; in either case, the results shown are 2005 results.

2.2 Importance and Benefits of IT

2.2.1 *Thinking about your overall corporate strategy or vision, how important do you consider IT to be to the delivery of this strategy or vision?*

Figure 5—Importance of IT for Overall Strategy



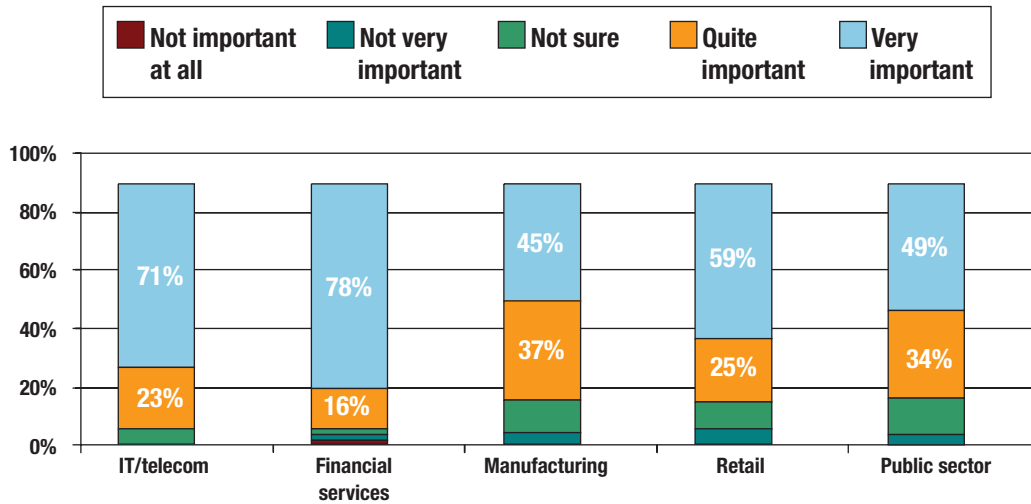
(Based on 695 respondents of the overall sample)

Observation: The overall importance of IT to the delivery of the corporate strategy or vision has not evolved in a spectacular way. IT remains quite to very important to the corporate strategy for the large majority of the respondents, with a slight increase in the top category of importance.



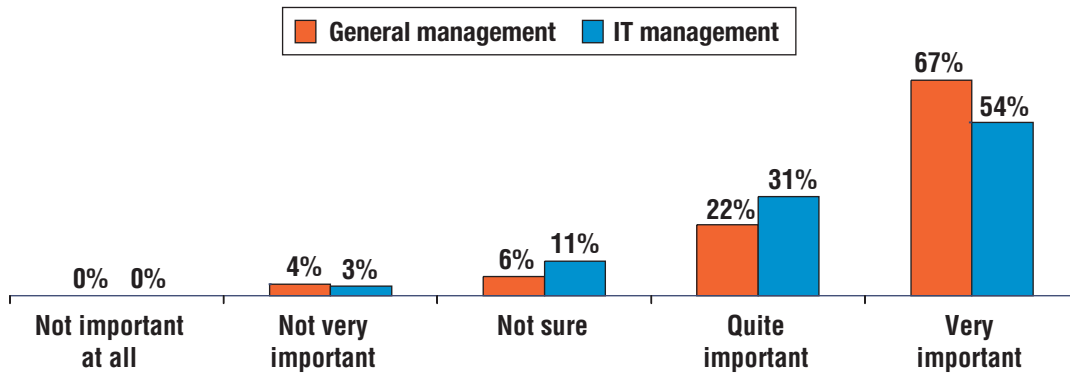
Figures 6 and 7 show the further breakdown of these results by industry and job function.

Figure 6—Importance of IT for Overall Strategy, by Industry Sector



Observation: IT's perceived importance is higher in the IT/telecom and financial services sectors, while it is seen as less important in manufacturing, retail and the public sector.

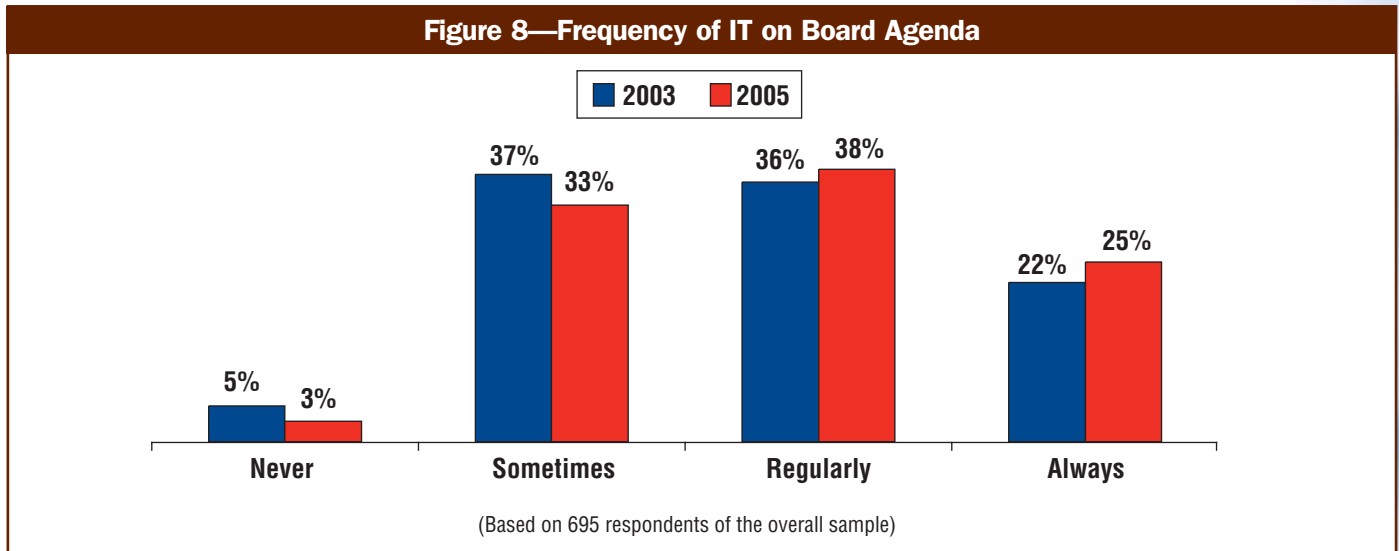
Figure 7—Importance of IT for Overall Strategy, by Job Function



Observation: General management perceives IT as more important to the delivery of the corporate strategy than IT management does.

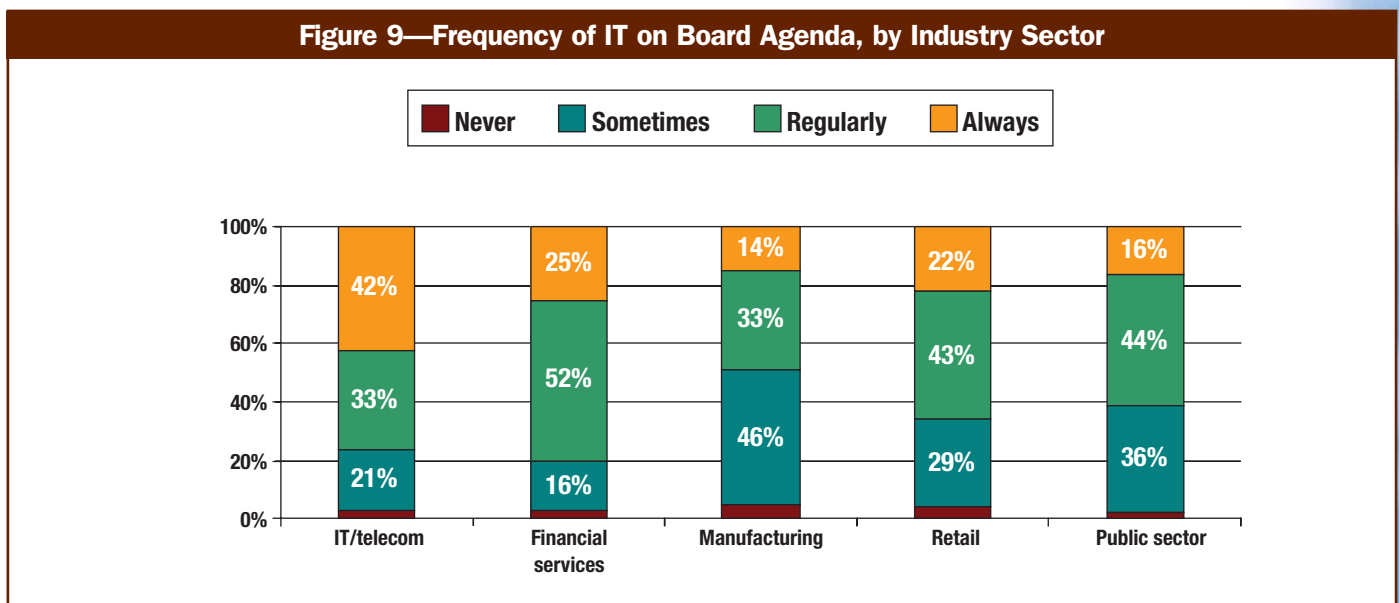


2.2.2 How frequently is IT included on your organisation's board agenda?



Observation: Compared to 2003, IT is now included slightly more often on organisations' board agenda on a regular basis (+5 percent).

Figure 9 shows the further breakdown of these results along industry lines.



Observation: IT is included on the board agenda most often in IT/telecom and financial services, and least often in manufacturing. This result is in line with the result of the previous question, which indicated that IT is more important to delivering on the organisation's strategy in the IT/telecom and financial services sectors than in the other sectors.



2.2.3 IT investments have helped to:

This is a general question designed to measure the overall success or value IT has brought to the organisation.

Figure 10—IT Investments Outcome



(Based on 695 respondents of the overall sample)

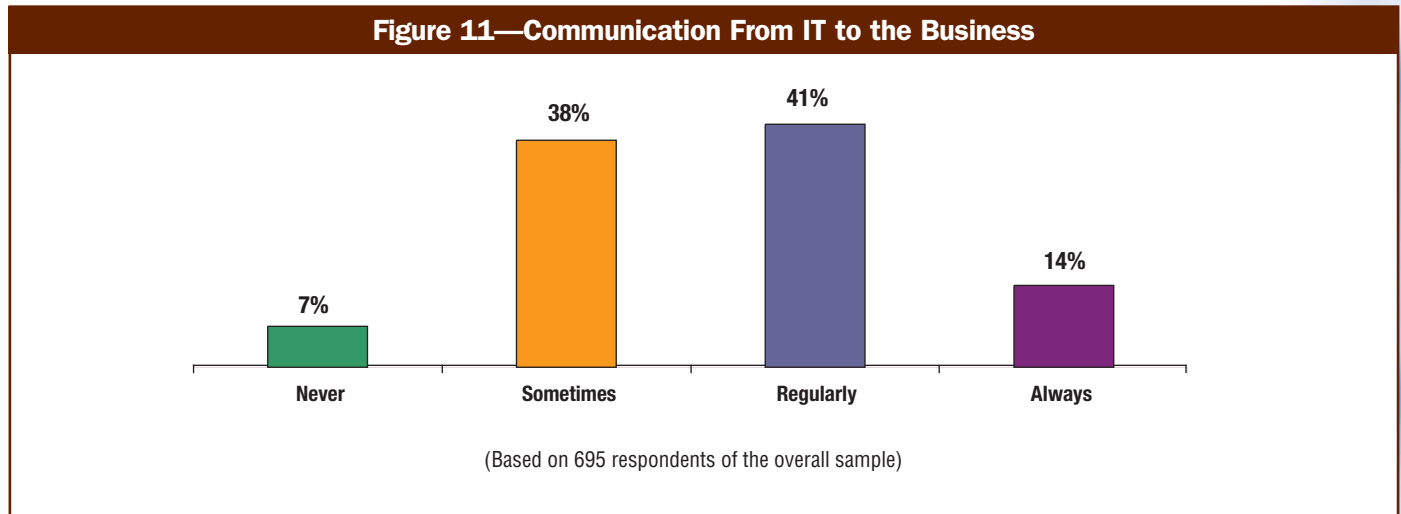
The response scale was from 1, do not agree, to 5, fully agree.

Observation: In general, IT investments have helped to achieve all the important information criteria. Compared with 2003, most of them have slightly increased. The largest increase relates to reliability of business-critical information and the biggest decrease is in important efficiency gains. This connotes a shift from efficiency toward more strategic benefits (effectiveness).

Use of IT investments to achieve strategic goals has switched places with ‘produce relevant and pertinent information for the business’ as the top choice. It is also noteworthy that, as in 2003, confidentiality scores the lowest.

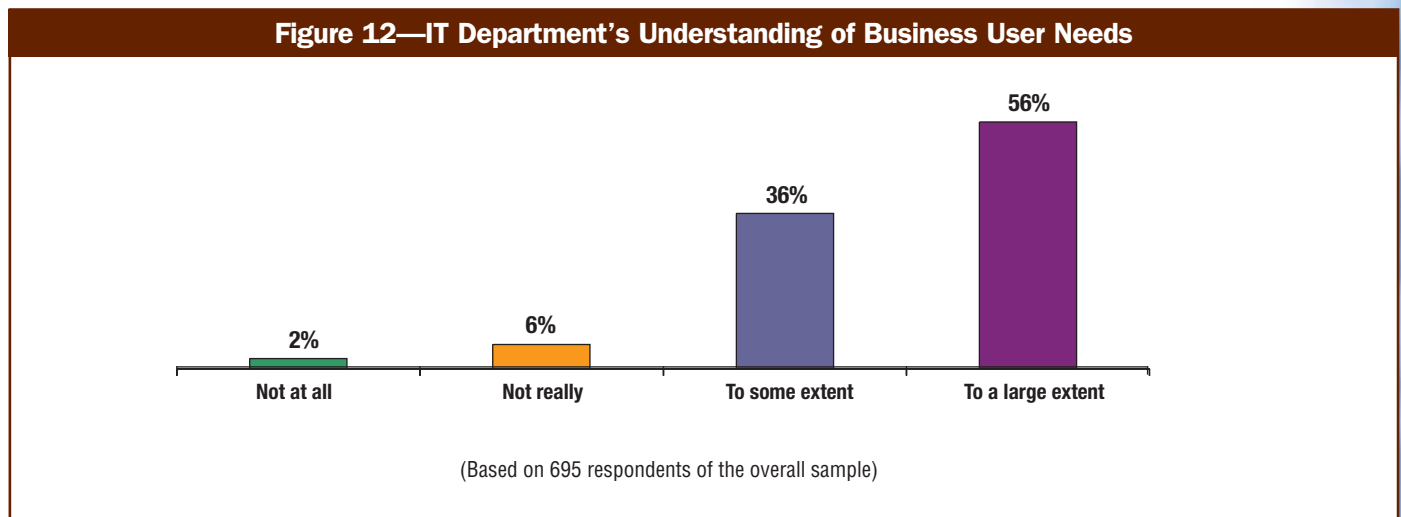


2.2.4 *How regularly does your IT department inform the business about potential business opportunities enabled by new technologies?*



Observation: A small majority (55 percent) of IT departments always or regularly inform the business about potential business opportunities.

2.2.5 *To what extent does your IT department understand, investigate and support the business user needs?*

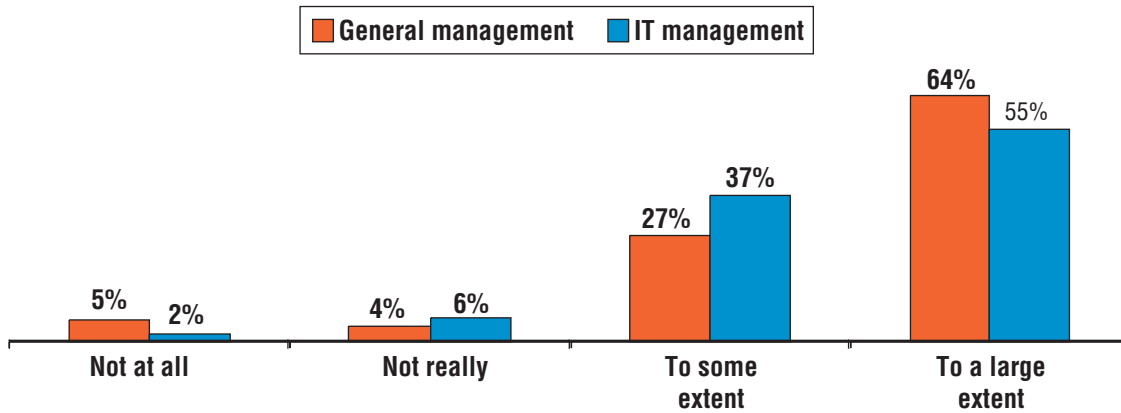


Observation: The IT department of more than half of the respondents (56 percent) understands and supports the business users' needs to a large extent. However, this also means that in 44 percent of the cases, there is room for significant improvement.



Figure 13 shows these responses by job function.

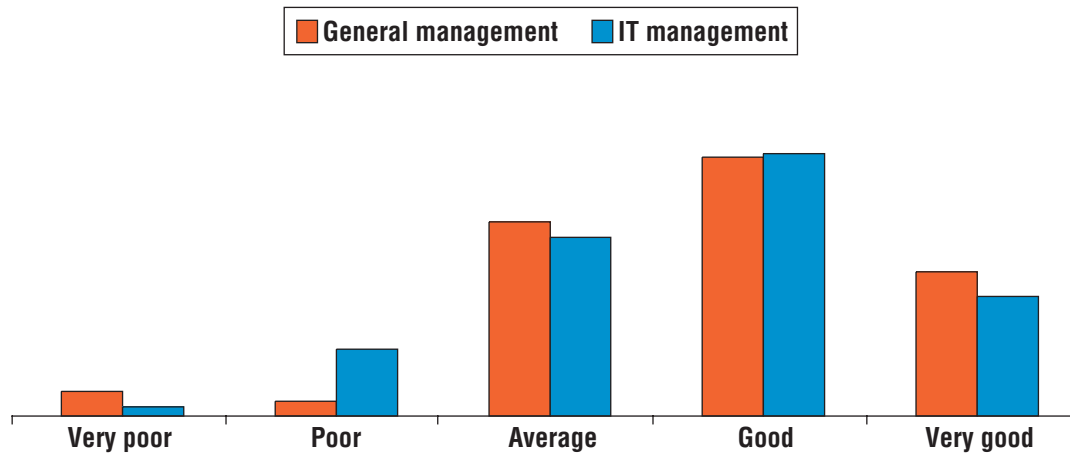
Figure 13—IT Department’s Understanding of Business User Needs, by Job Function



Observation: Nearly two-thirds (64 percent) of general management indicates that the IT department understands, investigates and supports business users’ needs to a large extent. Only 55 percent of IT management agrees with this statement. This result, when combined with previous results, can be seen as confirmation that the IT manager has to move toward a business manager role, communicating more like a business manager with the other business managers.

2.2.6 How would you describe the fit between your IT plan and your organisation’s overall business strategy?

Figure 14—Fit Between IT Plan and Business Strategy, by Job Function



(Based on 695 respondents of the overall sample)

Observation: General managers note a slightly better strategic fit between business and IT than do IT managers.



The respondents claiming to have a good or very good strategic fit between business and IT compose only 60 percent of the entire sample. This result demonstrates that there is still room for improvement in the strategic fit between business and IT.

Note: *European Survey on ICT Value Management*, published by PricewaterhouseCoopers in the first quarter of 2005, showed that only 10 percent of European companies have their ICT investments very well aligned with their business objectives, confirming the above observation.

2.3 IT Problems and Potential Solutions

This section addresses IT problems encountered by the respondents. It investigates the frequency of occurrence of the problems, their perceived severity, their historic evolution and their expected evolution in the next 12 months. Then potential solutions, expressed as high-level practices, are evaluated for their estimated effectiveness.

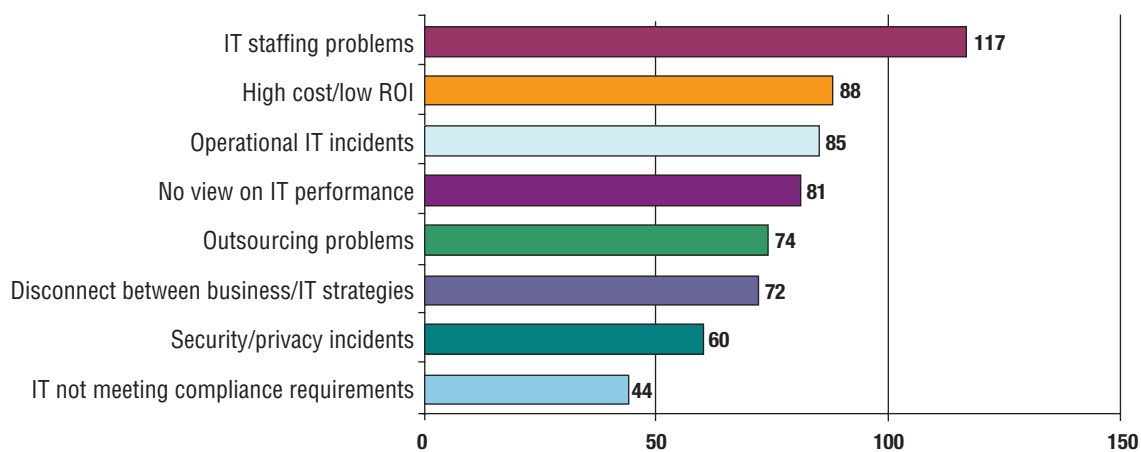
2.3.1 Compound Problem Index

The survey asked several questions about the IT-related problems experienced by the respondents, such as:

- Frequency of occurrence of IT-related problems
- Severity
- Evolution over the past 12 months (improvement or deterioration)
- Priority for resolution in the 12 coming months

From this information, a compound problem index (CPI) was defined, which is the result of multiplying the outcomes listed above. As such, it is an indicator for the relative priorities the respondents gave to different IT-related problems.

Figure 15—IT-related Problems in Last 12 Months (CPI)



(Based on 695 respondents of the overall sample)

Observation: When taking all aspects of the problems into account, IT staffing problems are the key issue on the agenda of the survey participants, followed by ROI issues and operational incidents.

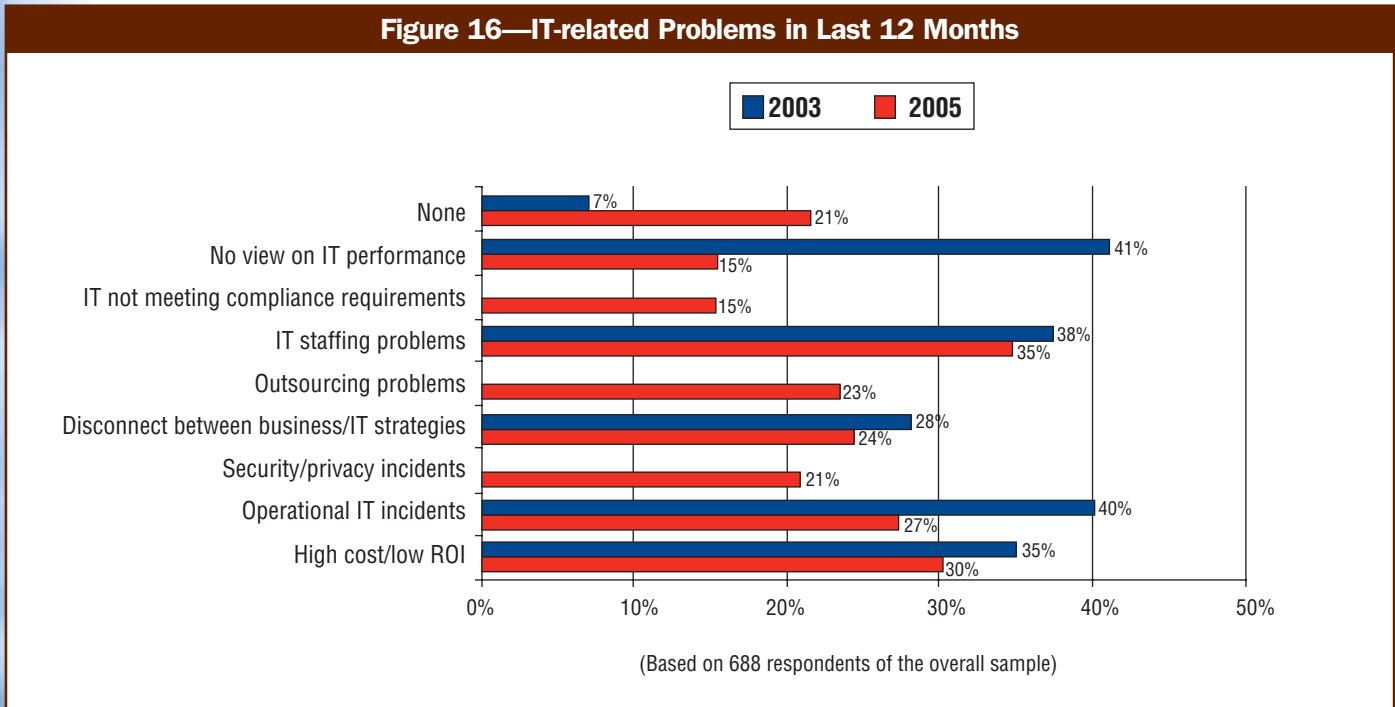


Compliance and security/privacy, on the other hand, are at the bottom of the list. Whereas this may seem a bit surprising, this ranking may reflect the results of the recent significant efforts put into information security projects and compliance programmes (e.g., Sarbanes-Oxley in the US).

The following questions and responses provide the detail that fed into the calculation of the CPI.

2.3.2 Which of the following problems have you experienced with IT in the last 12 months?

Figure 16—IT-related Problems in Last 12 Months



Note: The same question was asked in 2003 but with a few different answering possibilities. This difference in answering options may explain some of the differences shown in the graph.

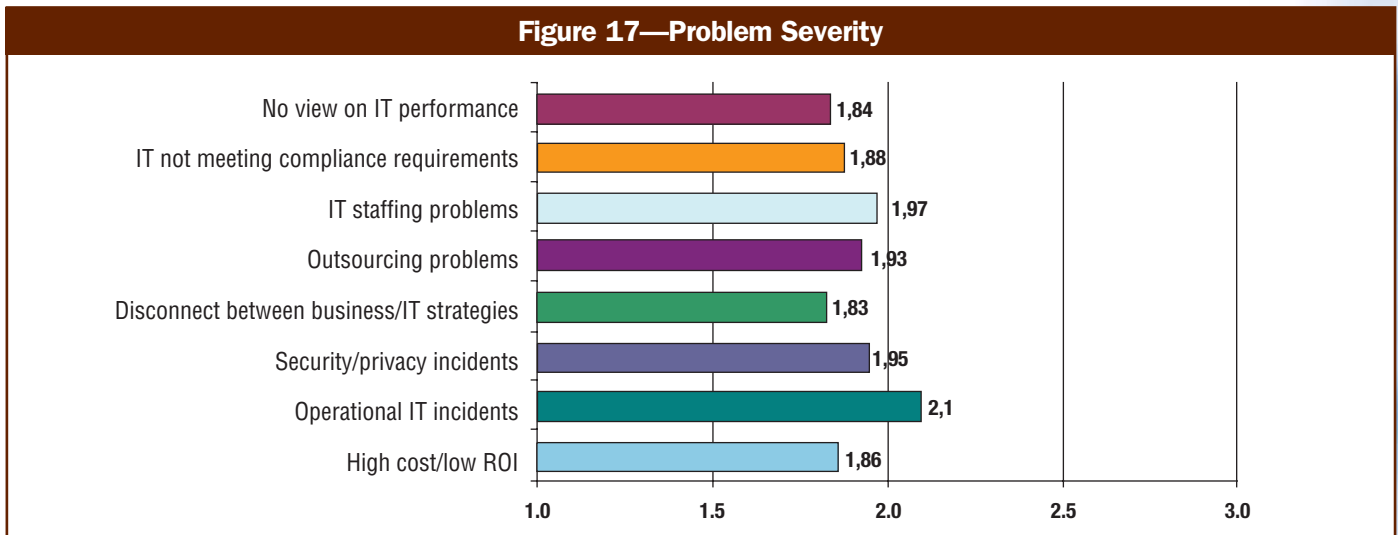
Observation: The number of companies that indicated that they have no IT problems increased from 7 percent in 2003 to 21 percent in 2005. In line with this finding, the percentages for all problems have decreased, with the largest decrease accruing to 'no view on IT performance'.

A possible explanation for this outcome might be the fact that many users experience IT through their desktop, where Windows has become quite stable and has not undergone any major upgrades over the last two years. ERP systems have also become more mature. In addition, the absence of any major technology push in the last few years has resulted in less disruption. And, of course, efforts to improve IT and bring it better under control may also have caused the tangible benefits reflected in these responses.

An analysis of the results by industry sector fails to identify any significant differences in absolute number of reported problems or in the distribution amongst different problem types.



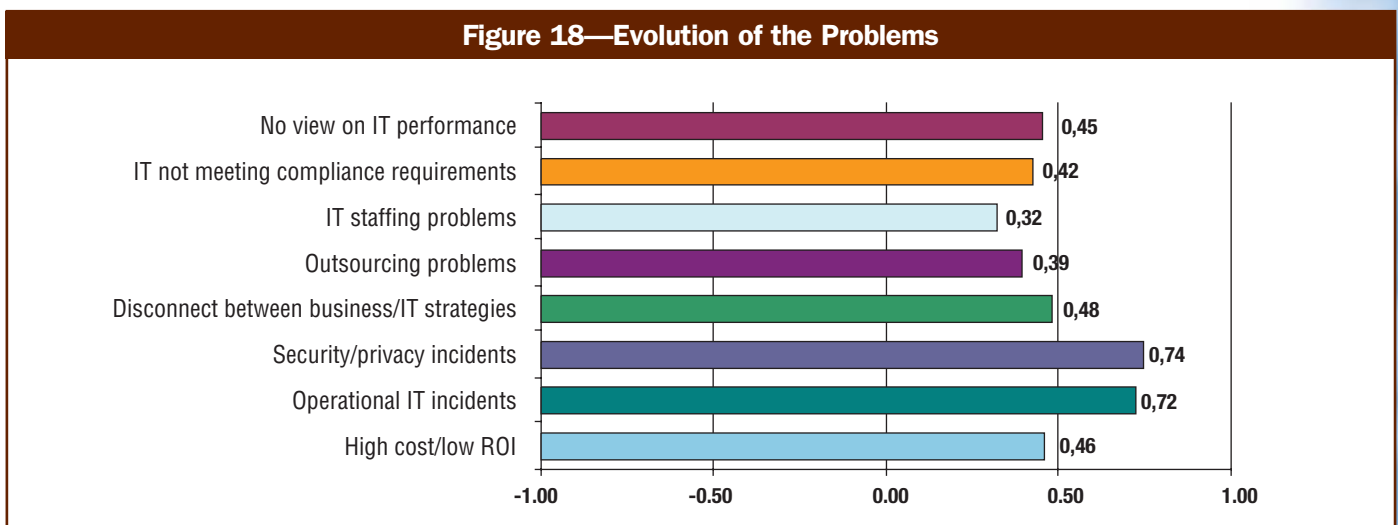
Figures 17-19 depict the severity of the problems, their evolution over the last year and the priority they constitute for the coming year.



These results are based on a scale from 1, not at all serious, to 3, very serious.

Observation: The three most serious problems are:

1. Operational IT incidents
2. IT staffing
3. Security/privacy incidents

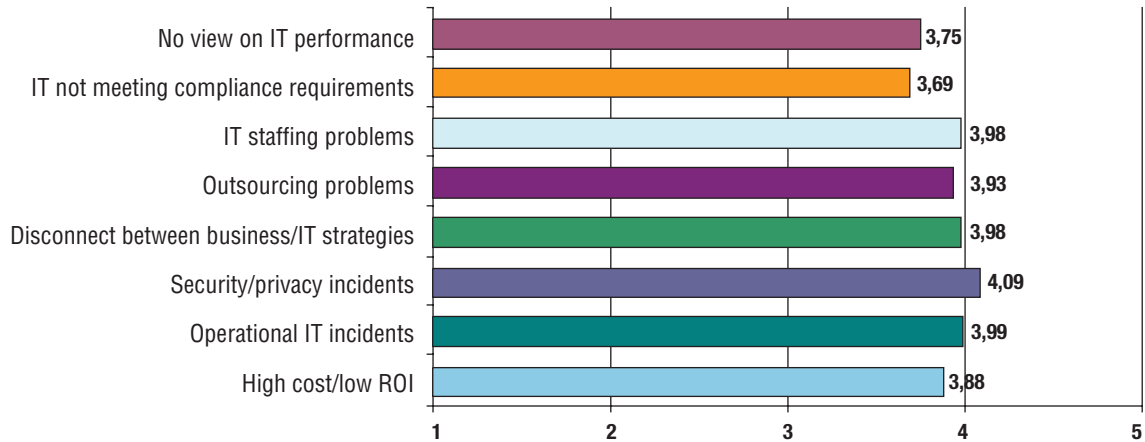


These results are based on a scale from -1, the situation has deteriorated, to +1, the situation has improved.

Observation: The situation has improved for every problem during the last 12 months, with the most progress occurring in security/privacy incidents and operational IT incidents. IT staffing problems show the lowest rate of progress. This corresponds to the result shown in figure 16: that IT staffing problems have decreased less than the other problems over the past year.



Figure 19—Importance of Addressing the Problems

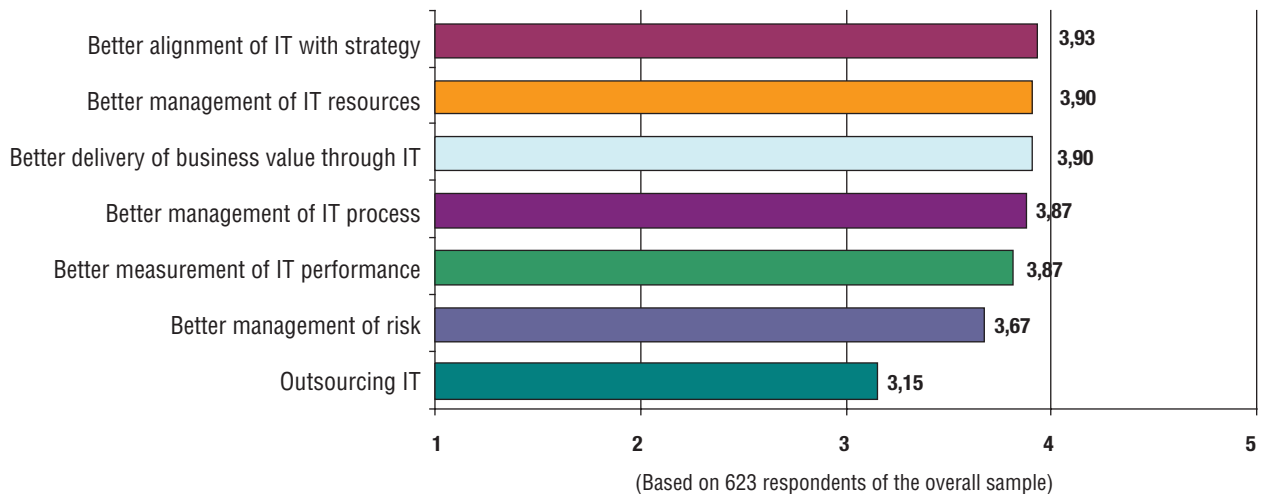


These results are based on a scale from 1, not at all important, to 5, very important.

Observation: The most important problems to address in the next 12 months are security/privacy incidents and operational IT incidents.

2.3.3 How effective could the following high-level measures be for resolving your IT-related problems?

Figure 20—Effectiveness of High-level Measures

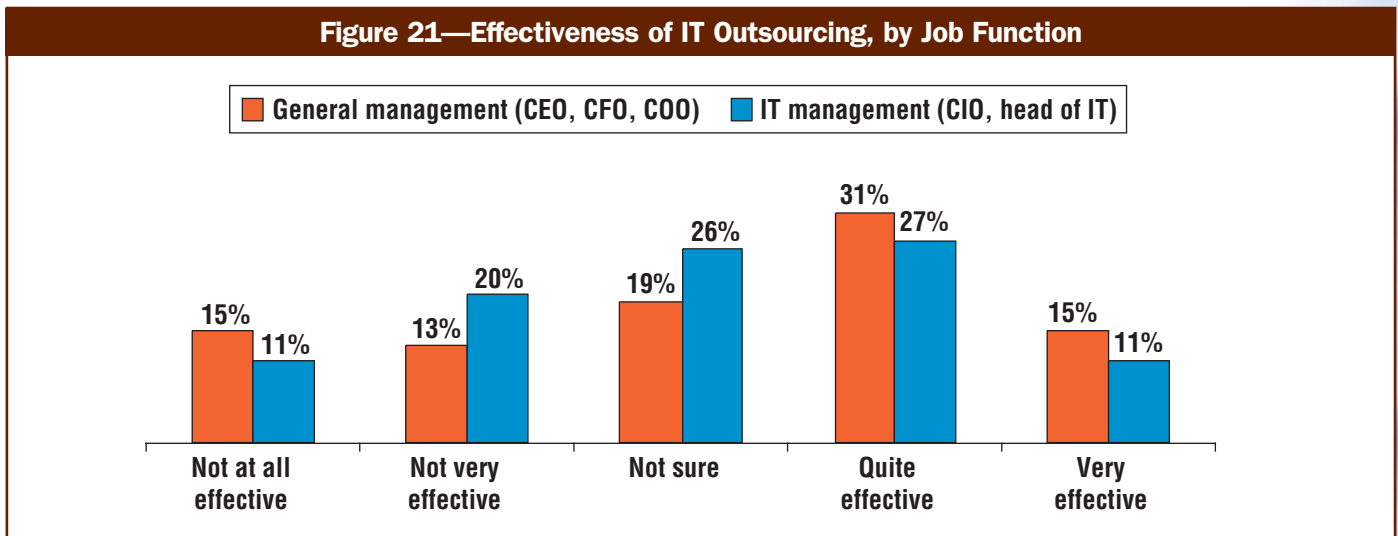


These results are based on a scale from 1, not at all effective, to 5, very effective.

Observation: Outsourcing of IT is seen as the least effective measure to resolve IT-related problems. This observation is a confirmation of the trend that outsourcing is no longer the permanent cure for expensive IT or business process problems.

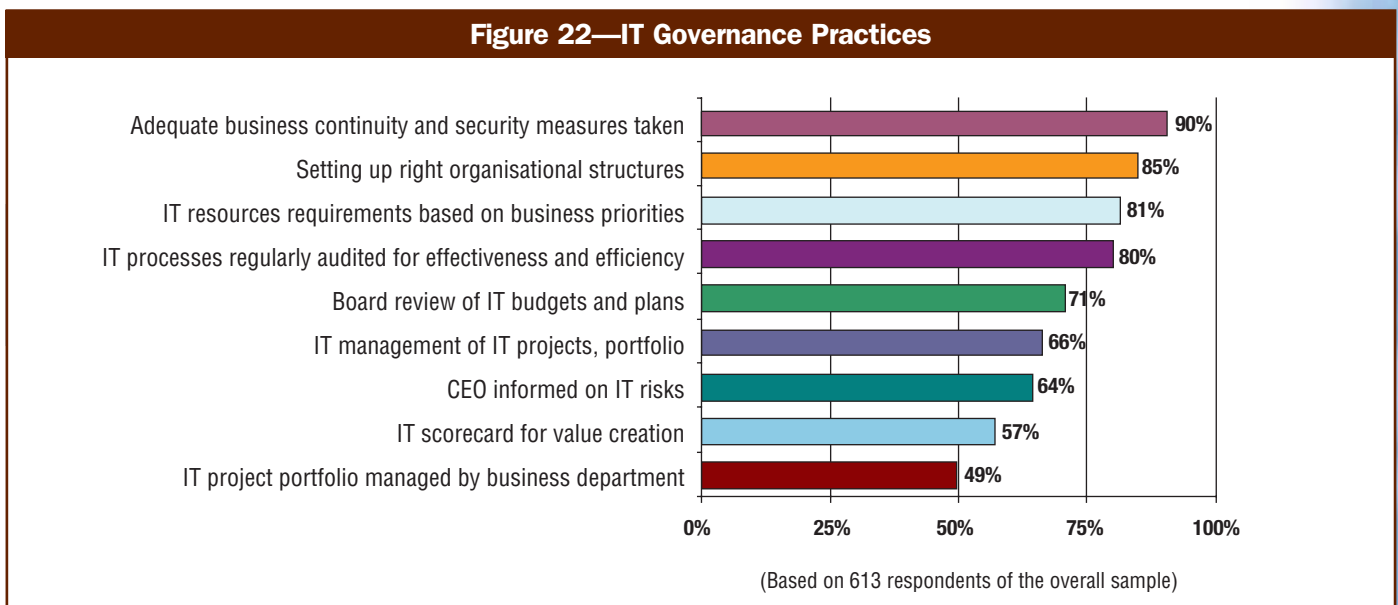


Figure 21 examines the responses on effectiveness of IT outsourcing, by job function.



Observation: IT management may have been reluctant to describe IT outsourcing as a very effective solution for IT problems because IT management’s position could be harmed by extensive outsourcing. Ultimately, the difference between the two groups is minimal.

2.3.4 Which of the following statements do you believe to be good IT governance practices?



Observation: Letting the business manage the IT project portfolio is not often seen as a good IT governance practice. Based on ITGI’s definition of IT governance, it would have been expected that this practice would rank much higher in the list of good IT governance practices, possibly even before board review of IT budgets and plans. This illustrates two possible interpretations:

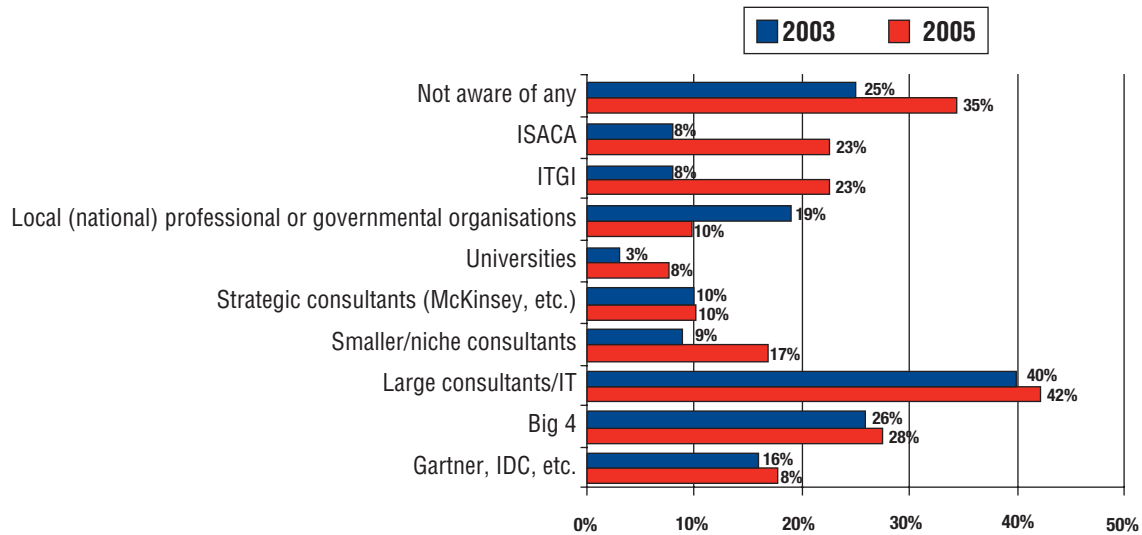
- There is confusion on what exactly IT governance is. This problem is best to be addressed before elaborating on the different solutions for IT governance.
- When thinking about IT, management is still more in a ‘hands-on and control’ mode than a governance mode.



2.4 Awareness and Use of IT Governance Frameworks

2.4.1 What organisations are you aware of that provide or implement solutions to IT governance problems?

Figure 23—Recognised IT Governance Providers



(Based on 507 respondents of the random sample)

Observation: The top three IT governance service providers of which respondents are aware are:

1. Big 4
2. Large IT consultancies
3. ISACA/ITGI

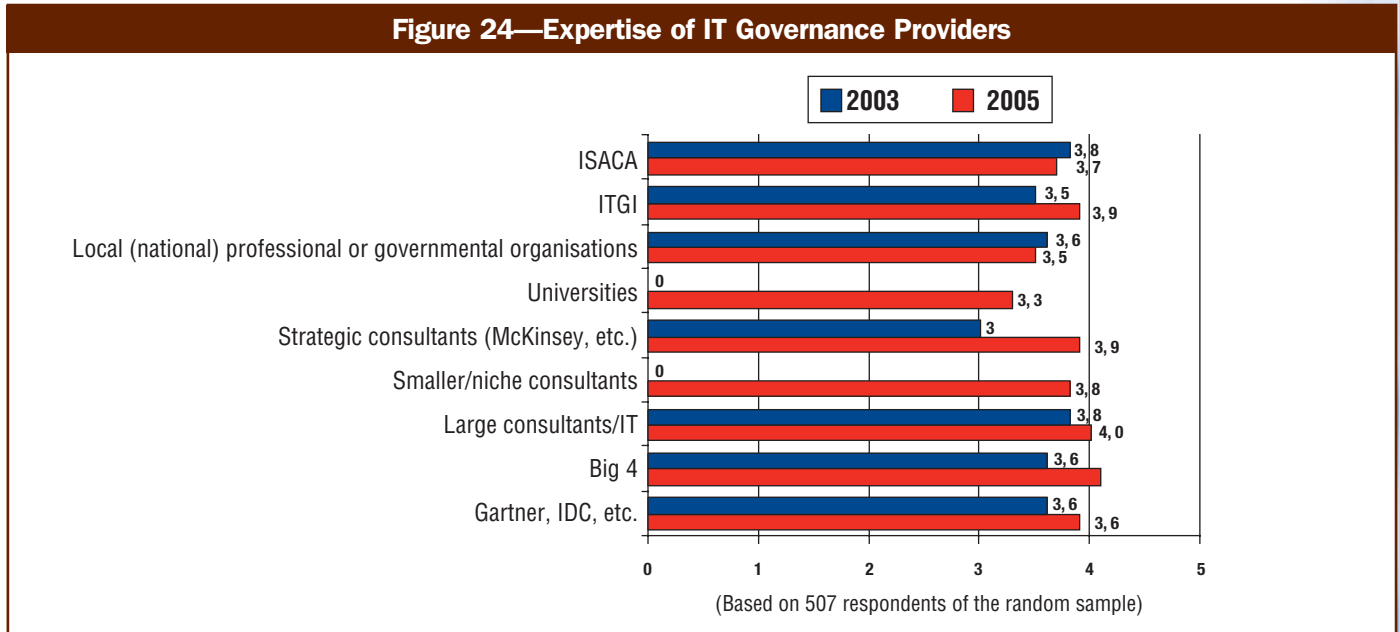
The survey participants' awareness of ISACA and ITGI as IT governance solution providers has increased by almost 200 percent (from 8 percent in 2003 to 23 percent in 2005). Further analysis shows that most people who know ISACA also know ITGI and vice versa.

This item was posed as an open question. Those respondents who did not mention ITGI/ISACA spontaneously were queried as to their recognition of the organisations: 16 percent were aware of the brands or organisations.

Although companies in Latin America are generally aware of some provider, their awareness is primarily limited to large or small IT consultancies and the Big 4.



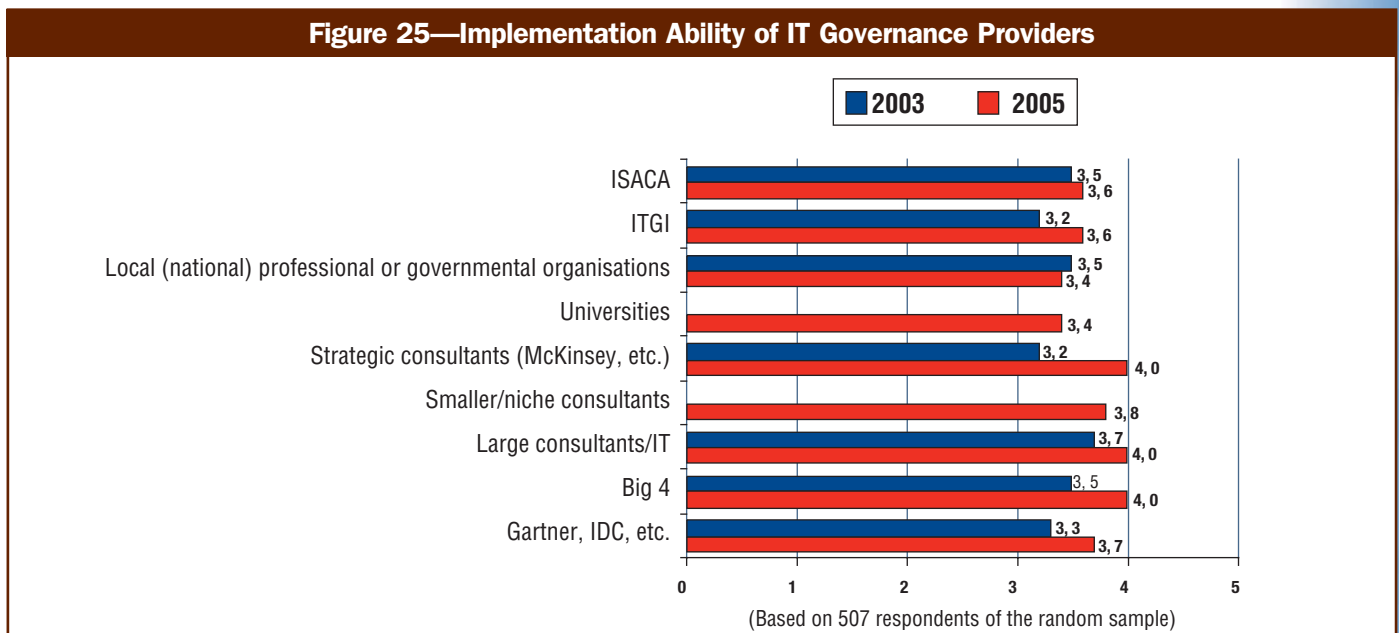
2.4.2 How would you rate them with regard to their expertise in IT governance solutions or frameworks?



These results are based on a scale from 1, low level of expertise, to 5, high level of expertise.

Observation: The general perception of the level of expertise of IT governance providers has increased since 2003. The largest increase was for the strategic consultants. Only two of the named providers decreased—and only very slightly—in perceived expertise concerning IT governance solutions and frameworks.

2.4.3 How would you rate them with regard to their ability to implement IT governance solutions or frameworks?



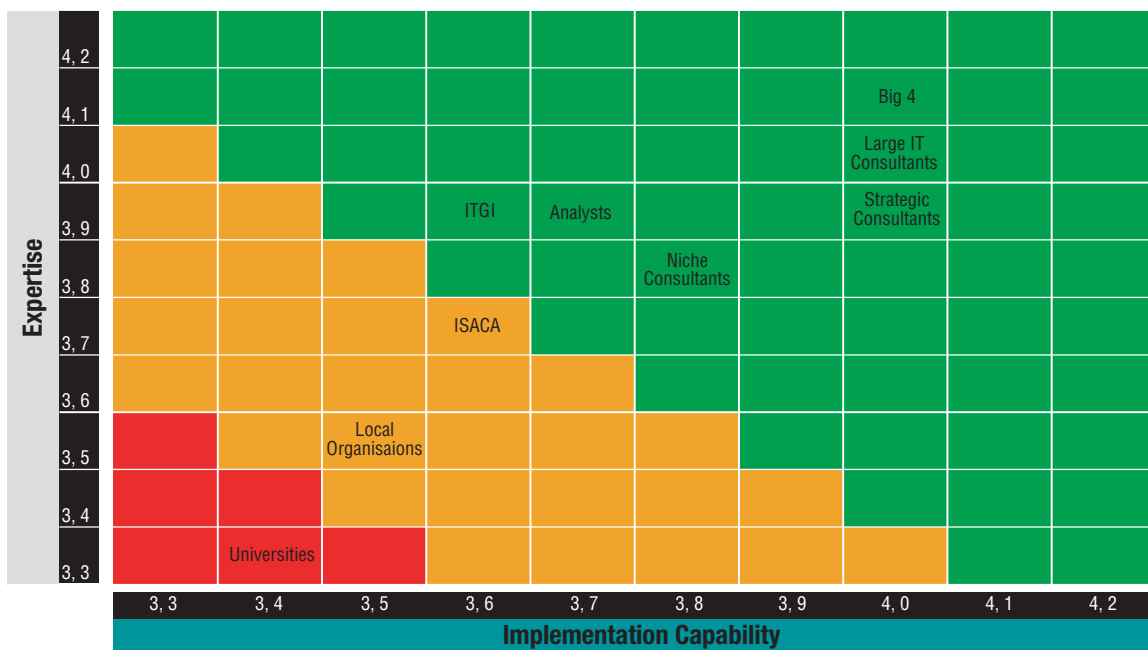


These results are based on a scale from 1, low level of ability, to 5, high level of ability.

Observation: The perception of implementation ability of IT governance providers is greatest for the Big 4 and large IT consultancies. This perception has increased for almost all of the providers, except for the local organisations. ISACA and ITGI both show an increased level of perceived ability over 2003.

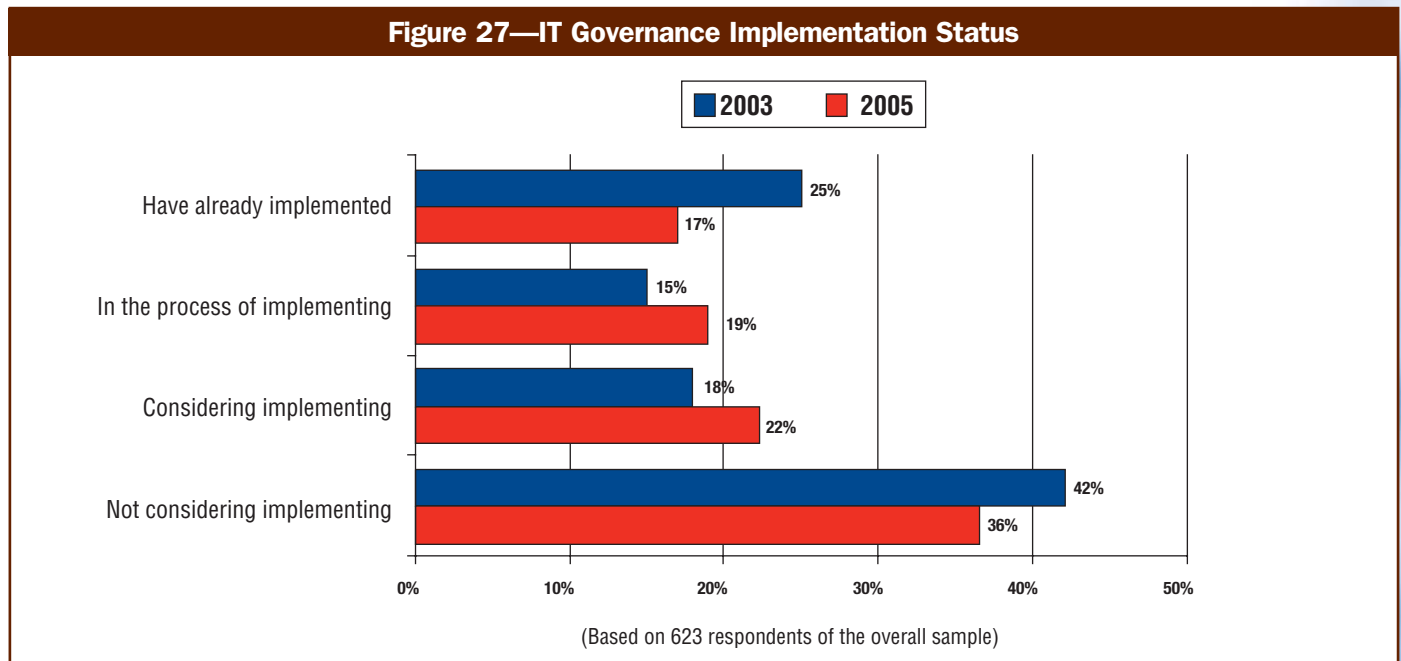
Overall, combining the results of the previous two questions (on expertise and implementation ability), the Big 4 are seen as the most capable IT governance providers, followed by large IT consultancies and strategic consultants (figure 26).

Figure 26—Overall Capability of IT Governance Providers





2.4.4 *Have you implemented, are you in the process of implementing or are you considering implementing an IT governance solution/framework?*



This is one of the major questions of the survey, actually probing the real status of IT governance adoption and implementation.

Note: In 2005, the survey offered a ‘do not know/refused’ response option, which was not offered in 2003. Approximately 5 percent of the respondents selected that option, a portion of the 2005 responding population not reflected in **figure 27**.

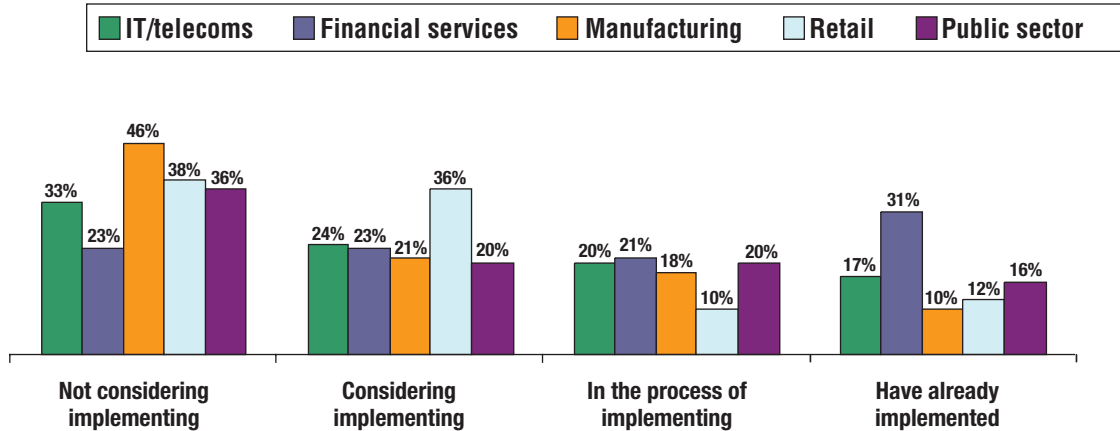
Observation: The share of companies that have implemented IT governance solutions/frameworks in 2005 is lower than in 2003. On the other hand, the share of companies that are not considering implementing is also lower.

This finding might be explained by the fact that implementing IT governance is not as easy as organisations originally might have thought. See also item 3.2.3, which reflects a similar result from the COBIT community.



Figure 28 shows the further breakdown of these results, according to industry sector.

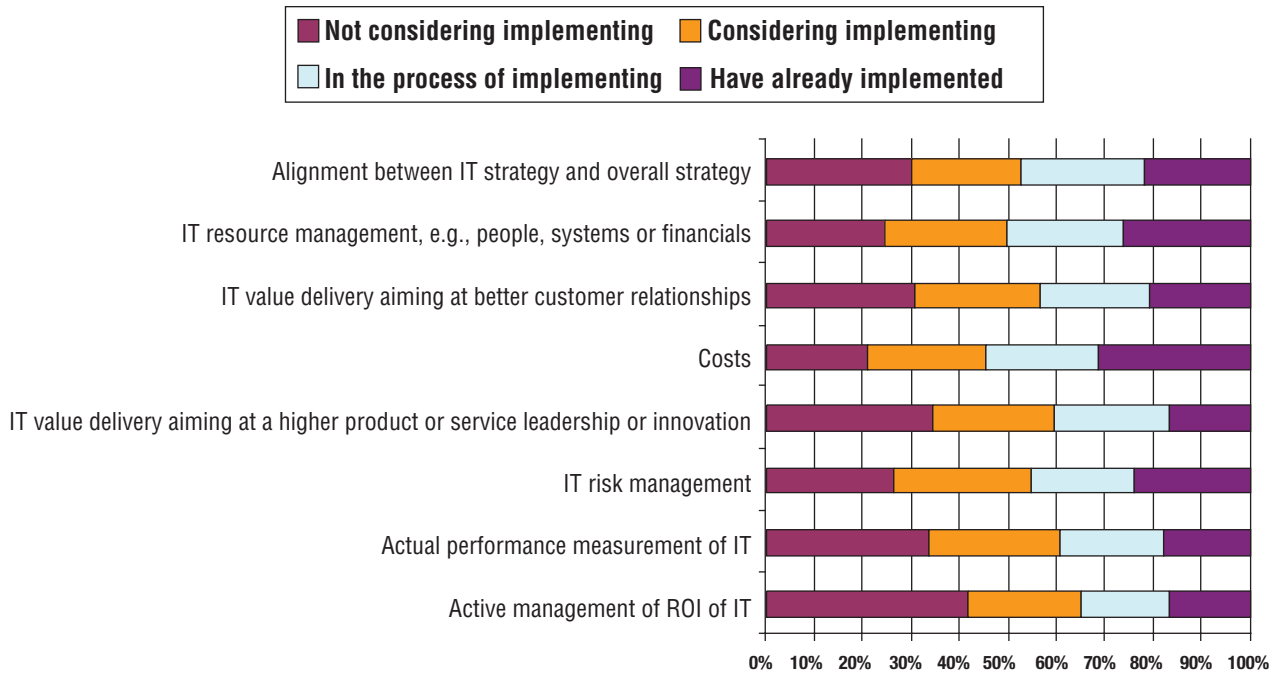
Figure 28—IT Governance Implementation Status, by Industry Sector



2.4.5 Have you implemented measures in order to improve:

The purpose of this question was to determine if there were any ‘hidden’ IT governance implementations, i.e., measures that could be classified as IT governance solutions, but which are not labelled as such within the organisations that implement them.

Figure 29—Implementation Status of Partial IT Governance Measures



(Based on 623 respondents of the overall sample)



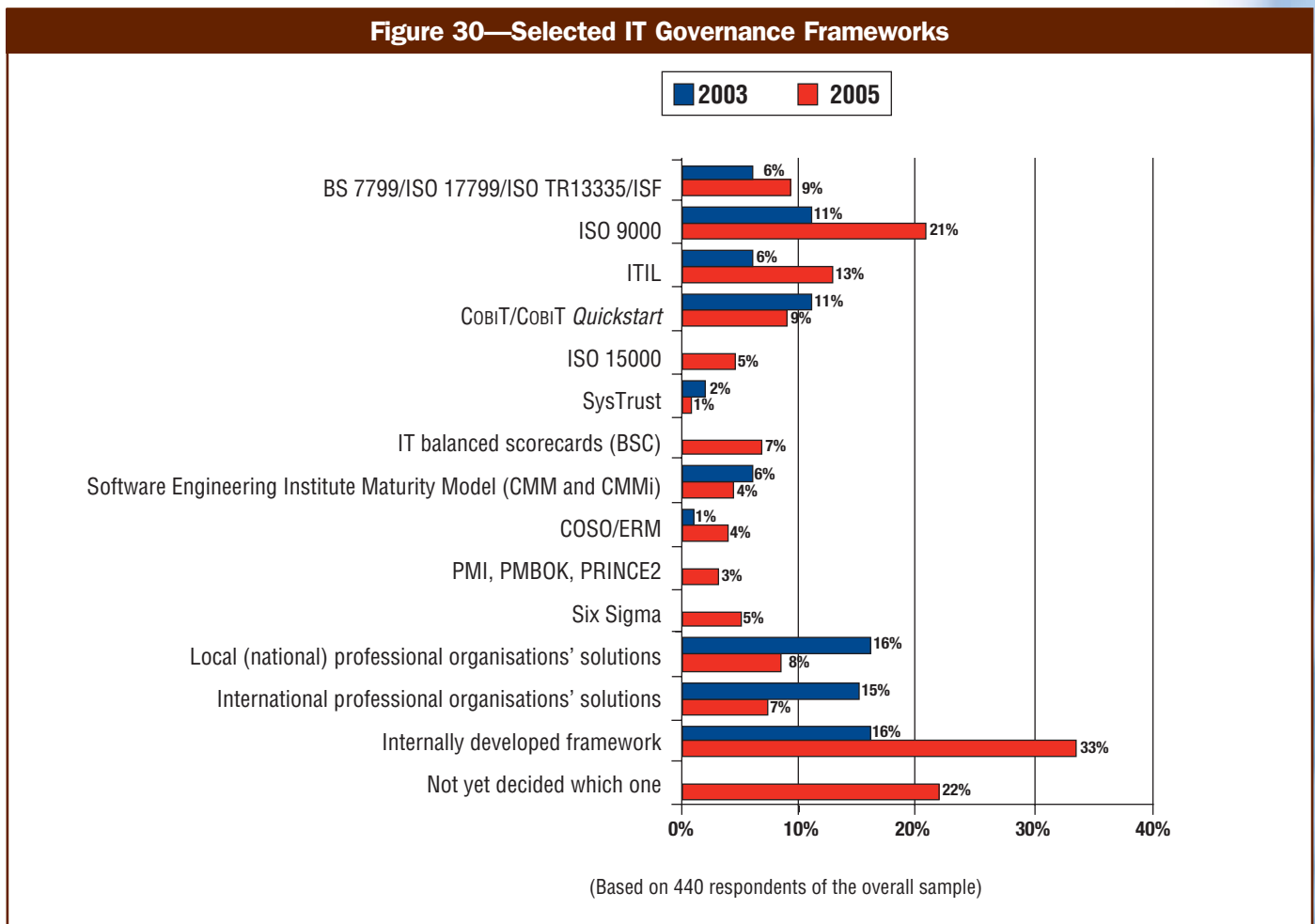
Observation: The primary partial IT governance solutions considered are :

- Better cost management (not included in the 2003 survey)
- Better IT resource management: people, systems or financials (top-ranked in 2003)
- IT risk management

Additional research shows that only 9 percent of the responding organisations are not considering implementing any partial IT governance solutions—a significant improvement over the 2003 survey (17 percent).

2.4.6 What solutions/frameworks do you use or are you considering using?

Figure 30—Selected IT Governance Frameworks



Observation: One-third of the participants use or are considering using an internally developed framework. Compared with 2003, the use of COBIT has decreased slightly. A possible explanation for this evolution could be that COBIT often acts as a baseline, in partial or complete form, to further elaborate an internally developed framework. Therefore, COBIT may be an integral (but not publicly acknowledged) part of the internally developed frameworks reflected in these responses.

ISO 9000 has increased significantly since 2003, probably explained by the fact that India has now been included in the survey sample.

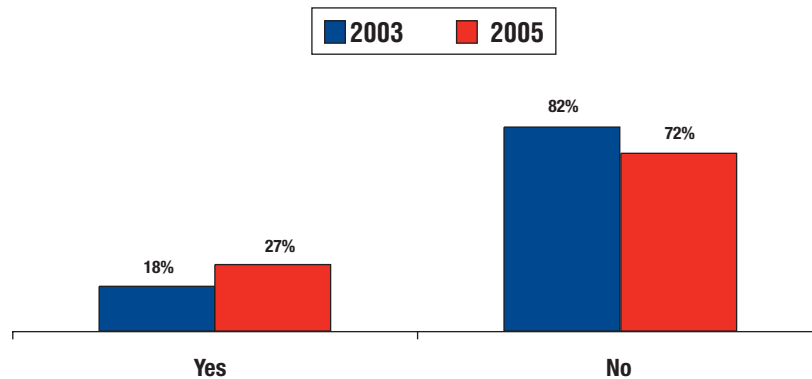
Nearly one-quarter of the participants have not yet decided which framework to use.



2.5 Awareness, Use and Perceptions of COBIT

2.5.1 Are you personally aware of the existence of COBIT?

Figure 31—Personal Awareness of Existence of COBIT

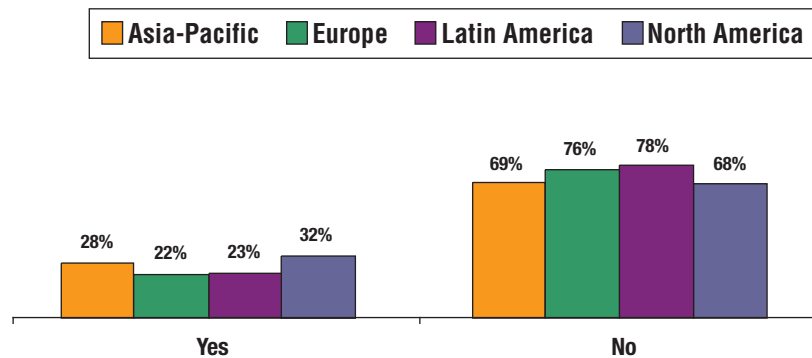


(Based on 623 respondents of the random sample)

Observation: Personal awareness of COBIT is 50 percent higher in the 2005 survey.

Figures 32 and 33 show further breakdown of these results.

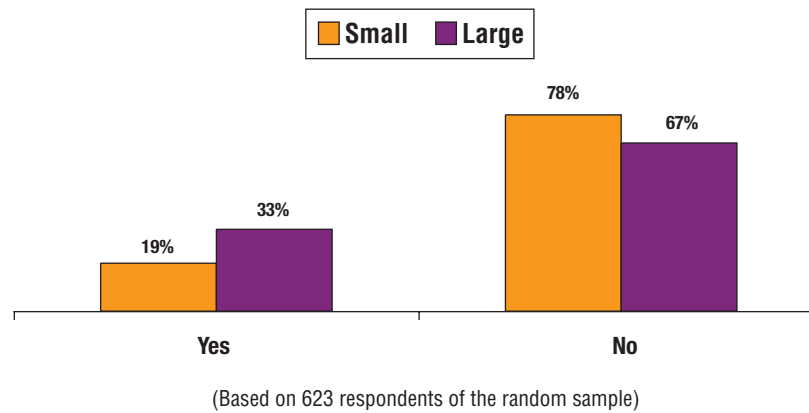
Figure 32—Personal Awareness of Existence of COBIT, by Geographic Area



Observation: Personal awareness is higher in North America (a significant increase from the 12 percent awareness level in 2003) and Asia-Pacific (up from 16 percent in 2003). Although personal awareness is lower in Latin America and Europe than in North America and Asia-Pacific, in reality there was no change in their percentages from 2003.



Figure 33—Personal Awareness of Existence of COBIT, by Organisation Size



Observation: Personal awareness of the existence of COBIT is significantly higher in large organisations than in small organisations. This may be because the complexity generally inherent in larger organisations tends to call for a structured framework.

2.5.2 If you are personally aware of the existence of COBIT, are you personally aware of the contents of COBIT?

Figure 34—Personal Awareness of Contents of COBIT

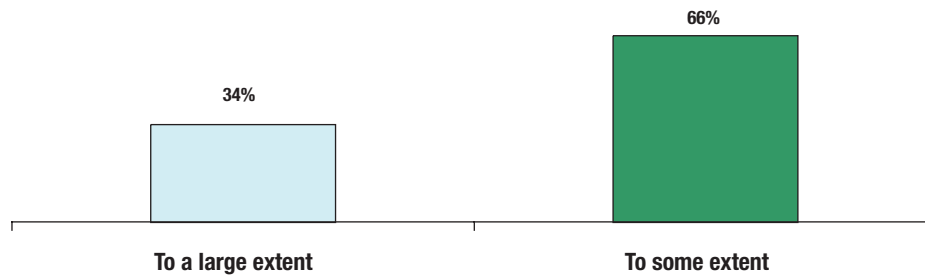


Observation: Of the 27 percent who are personally aware of the existence of COBIT, a small majority (55 percent) are aware of its contents.



2.5.3 *If you are personally aware of the existence and the contents of COBIT, to what extent are you aware of its contents?*

Figure 35—Extent of Personal Awareness of Contents of COBIT



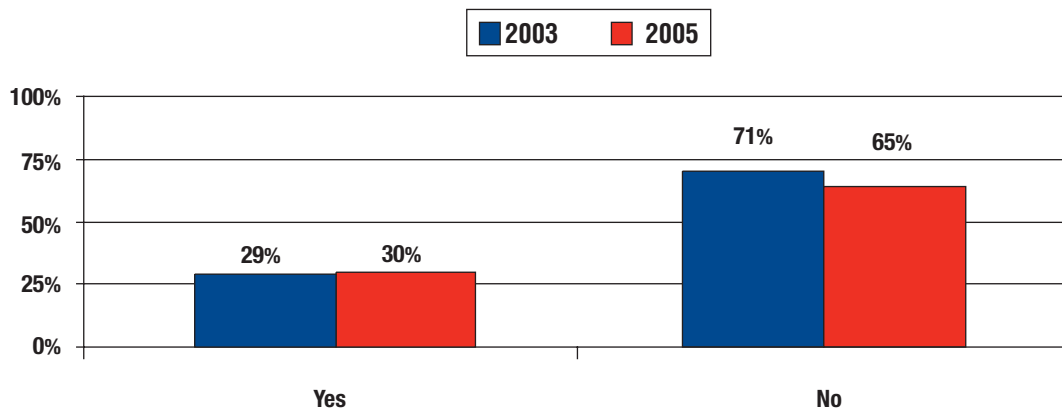
(Based on 91 respondents of the random sample who are aware of the contents of COBIT)

Observation: Amongst those who are aware of the contents of COBIT, 34 percent indicate they are aware of those contents to a large extent.

Combining the three questions above, it is possible to conclude that approximately one out of six (55 percent of 34 percent) who are aware of the existence of COBIT know the contents of COBIT to a large extent.

2.5.4 *Does (any area of) your organisation currently use COBIT?*

Figure 36—Use of COBIT Within Organisations Aware of COBIT



(Based on 166 respondents of the random sample who are aware of the existence of COBIT)

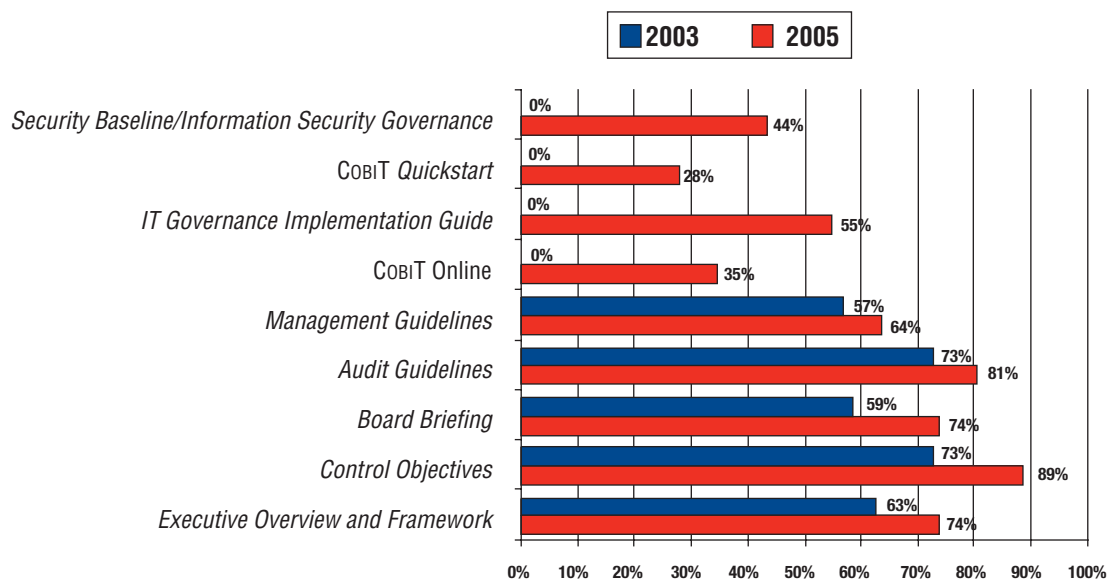
Observation: In 2005, 30 percent—roughly the same as in 2003—of the participants who are personally aware of the existence of COBIT use it in their organisation.



The conclusion that can be drawn from the previous three questions is that COBIT's brand recognition has increased since 2003, and brand acceptance has remained equal.

2.5.5 Which parts of COBIT does your organisation use?

Figure 37—Use of Portions of COBIT



(Based on 89 respondents of the COBIT sample and the COBIT users in the random sample)

Note: COBIT *Security Baseline/Information Security Governance*, COBIT *Quickstart*, *IT Governance Implementation Guide* and COBIT *Online* were not included in the 2003 survey.

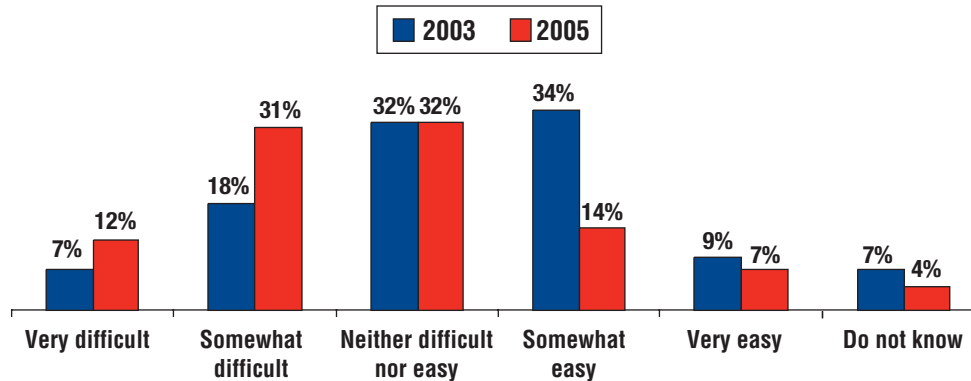
Observation: The control objectives and the audit guidelines are the most widely used portions of COBIT. This is in line with the fact that COBIT is most often used as an IT controls and audit framework, and also that these are two of the oldest and best established parts of COBIT.

COBIT *Quickstart* is used less widely, which is consistent with the fact that it is designed for smaller companies. Awareness of COBIT is lower in small companies than in larger companies.



2.5.6 How easy or difficult has it been for you to implement the COBIT framework or part of the COBIT framework?

Figure 38—Difficulty in Implementing COBIT

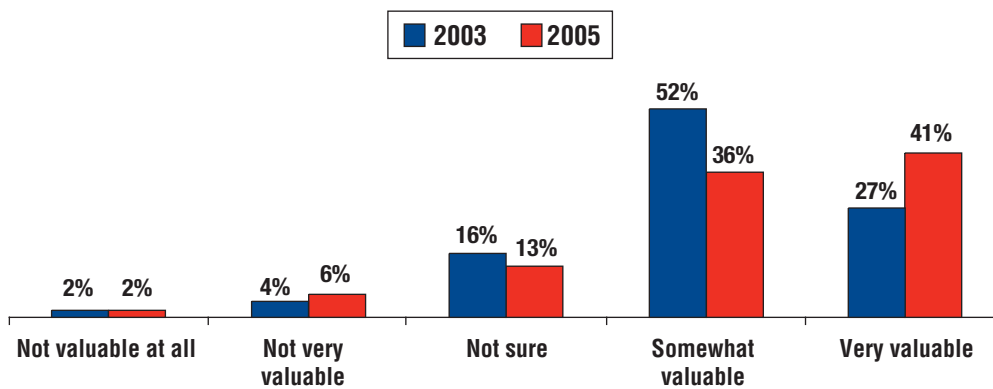


(Based on 98 respondents of the COBIT user sample)

Observation: In the 2005 results, 43 percent of the COBIT users find it difficult to implement COBIT and only 21 percent find it easy. This is an almost exact reversal of the 2003 results, in which 43 percent considered it easy to implement and 25 percent considered it difficult. This is most likely because there are now a lot of relatively inexperienced new COBIT users who are still in the midst of the learning curve for COBIT. As they become more familiar with COBIT, they will recognise that IT is not a ready-made, off-the-shelf standard, but a collection of good practices that call for customisation and effort to adapt to the target organisation.

2.5.7 How valuable do you think COBIT is in your IT governance efforts or initiatives?

Figure 39—Value of COBIT for IT Governance Efforts

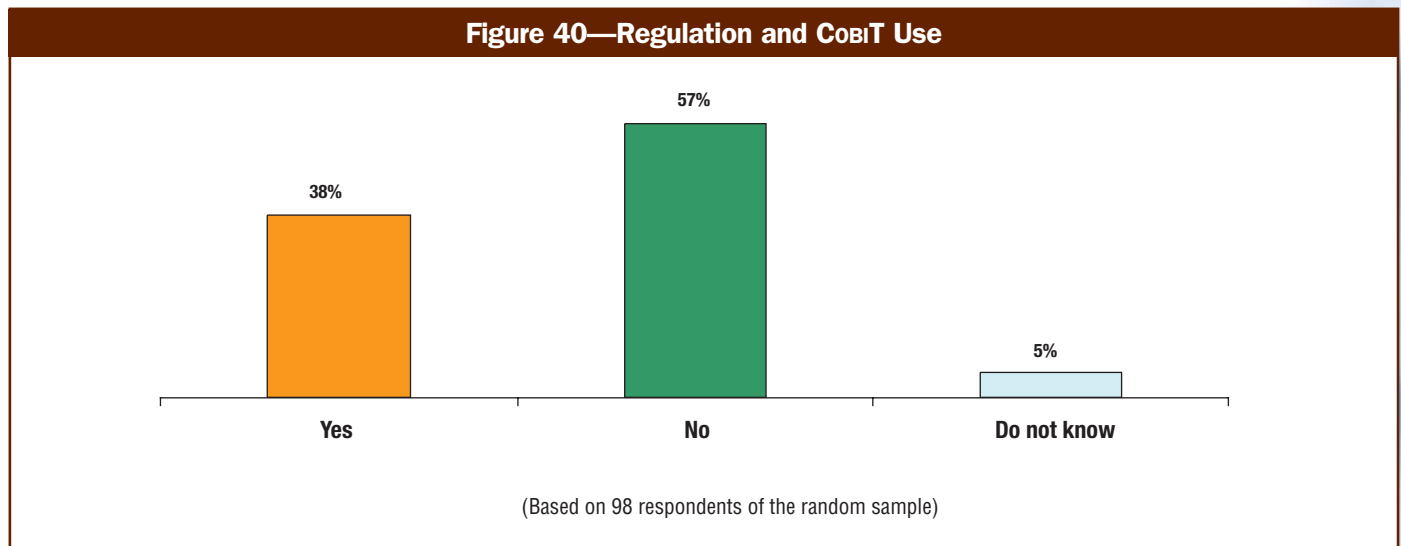


(Based on 98 respondents of the COBIT user sample who responded affirmatively to item 2.5.4)

Observation: Fifty percent more COBIT users find COBIT to be very valuable in their IT governance efforts, as compared to 2003.

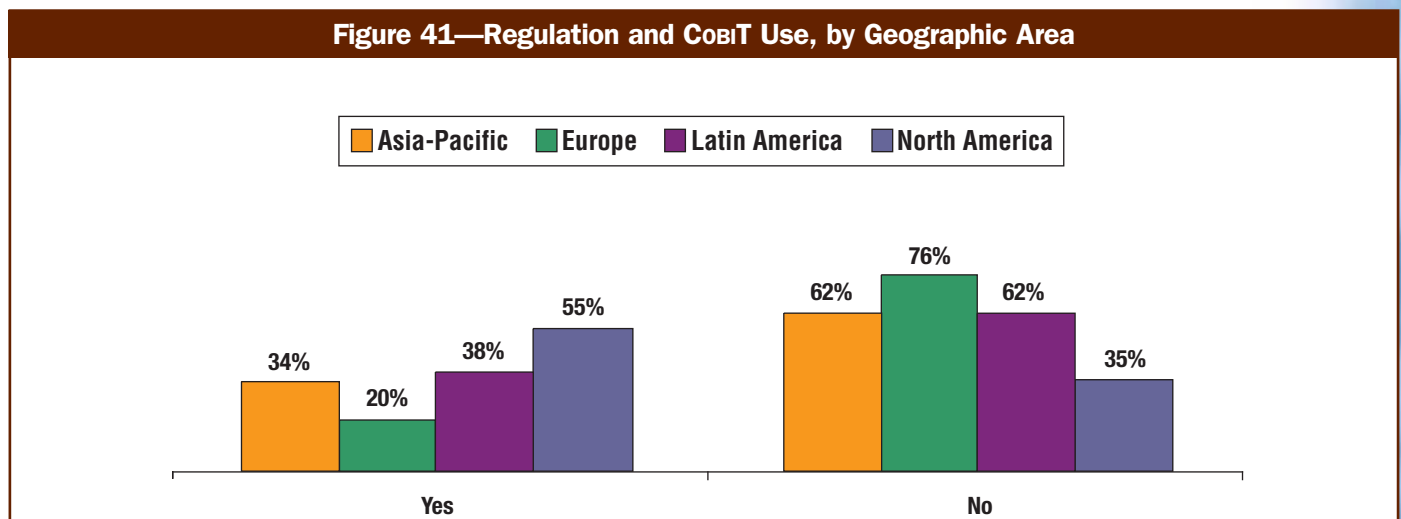


2.5.8 Was the Sarbanes-Oxley legislation, or any other new accounting-related legislation or regulation, a reason to introduce COBIT in your organisation?



Observation: More than one-third of the COBIT users indicate that the Sarbanes-Oxley legislation or other new accounting-related legislation or regulation was a reason to introduce COBIT in their organisation.

Figure 41 examines this finding by geographic area.



Observation: As might be expected, in North America, home of the Sarbanes-Oxley Act, a majority of the respondents indicate that the Sarbanes-Oxley legislation (or other new accounting-related legislation or regulation) was a reason to introduce COBIT in their organisation.

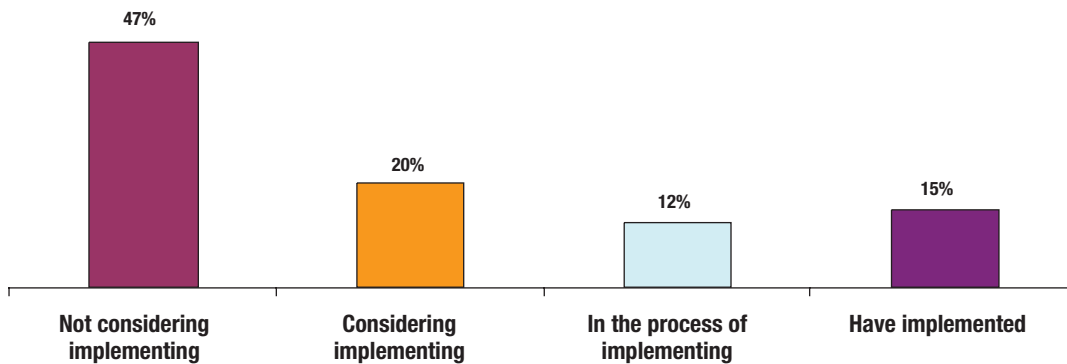


2.6 General IT Profile

This section contains more background information on the respondents, how they deal with IT and the implementation of IT governance.

2.6.1 *Have you implemented, are you in the process of implementing or are you considering implementing business measurement projects such as balanced scorecards or dashboards as part of your management reporting practices?*

Figure 42—Implementation of Business Measurement Projects

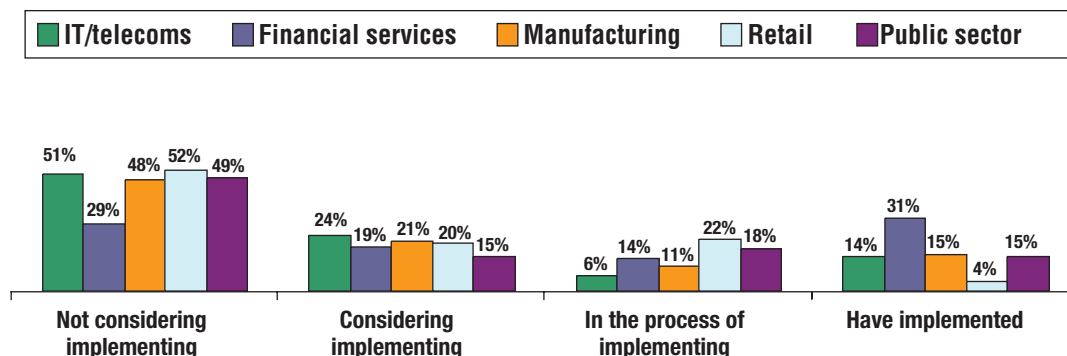


(Based on 623 respondents of the random sample)

Observation: Just slightly more than one-quarter of the respondents indicate that they are in the process of implementing or have implemented business measurement projects. This is a lower percentage than the figure reported in question 2.4.4 (IT governance implementation status), despite the fact that implementing measurements/monitoring is an essential part of IT governance.

Figure 43 examines this result by industry sector.

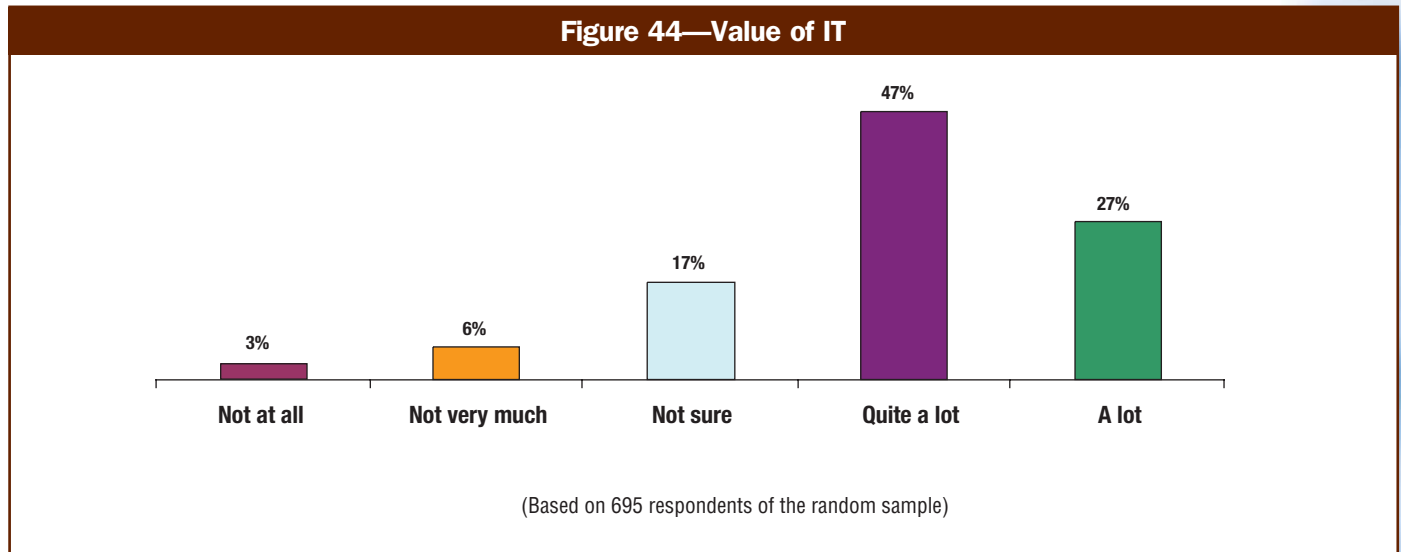
Figure 43—Implementation of Business Measurement Projects, by Industry Sector



Observation: As noted in other questions, differences amongst industries can be observed, highlighting the importance of IT for the financial sector.

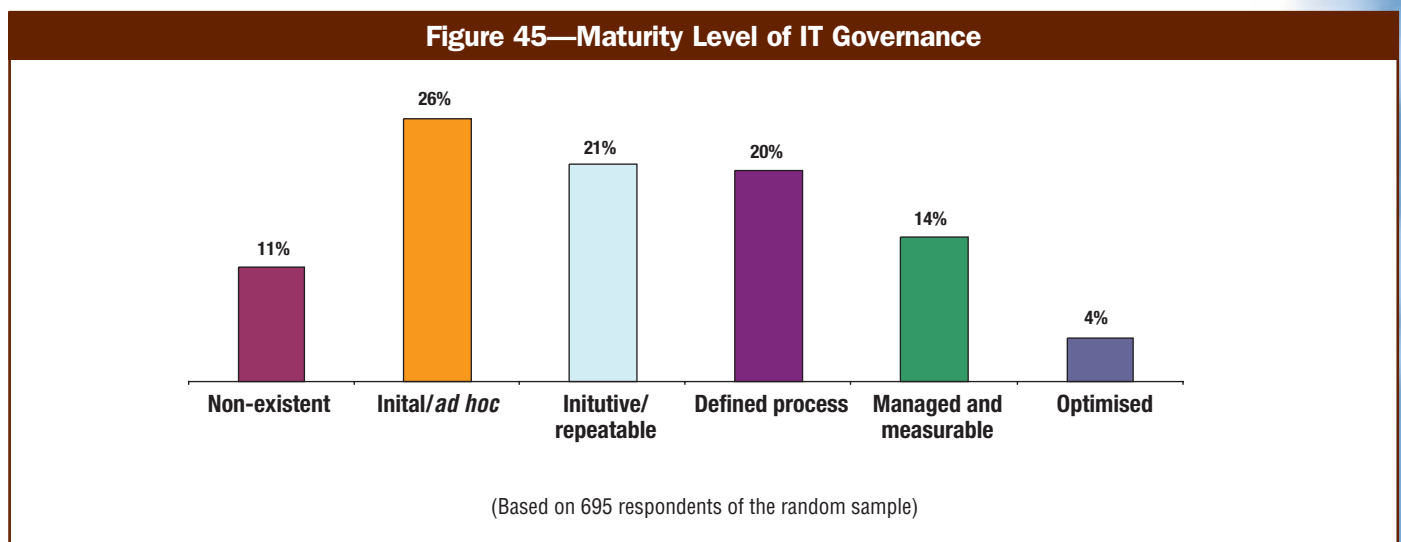


2.6.2 How much value do you think your organisation is getting out of IT, perhaps in terms of better customer relations, better risk management, lower cost or a higher product leadership?



Observation: A large majority—74 percent of the participating organisations—think their organisation gets quite a lot or a lot of value from IT. Although this is an encouraging finding, 26 percent of respondents remain unconvinced. In addition, when comparing to question 2.2.5 (IT’s support of business needs), it can be noted that although 92 percent believe IT is supporting the business to some extent, only 74 percent believe IT brings real value. Clearly, attention to IT value management is required.

2.6.3 How would you rate your organisation’s maturity level on IT governance?

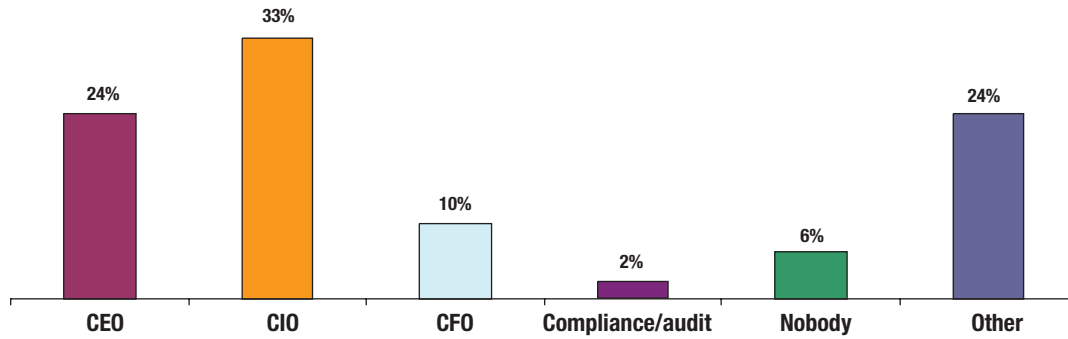


Observation: Eighteen percent of the participants rate their organisation’s maturity level relative to IT governance in the two most mature categories: managed or optimised. This may be an overestimation, especially when one looks at other reference databases such as the benchmarking contained in COBIT Online, which reflects fewer high estimates.



2.6.4 Who has overall responsibility in your organisation for IT governance?

Figure 46—Responsibility for IT Governance



(Based on 695 respondents of the random sample)

Observation: At one-third of the participating organisations, the CIO has overall responsibility for IT governance. At 6 percent of the participating organisations, nobody has the responsibility for it. Overall, this result is slightly troublesome since CEOs—who should take responsibility—do not do so to the expected degree, while a significant number of CIOs (33 percent)—who should not assume responsibility—do take it on.



2.7 Cross-references

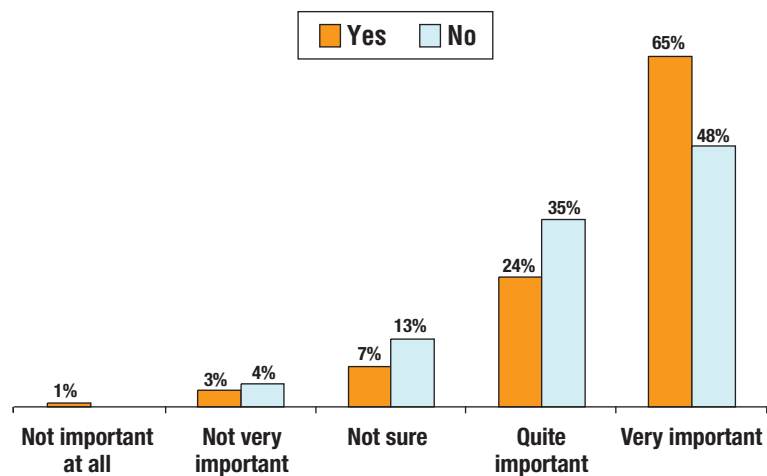
This section contains cross-references, in which selected questions are combined to check for major trends or to confirm intuitive opinions on relationships that should exist.

2.7.1 *Have you implemented, are you in the process of implementing or are you considering implementing business measurement projects such as balanced scorecards or dashboards as part of your management reporting practices (2.6.1)?*

AND

Thinking about your overall corporate strategy or vision, how important do you consider IT to be to delivery of this strategy or vision (2.2.1)?

Figure 47—Cross-reference of Measurement and Importance

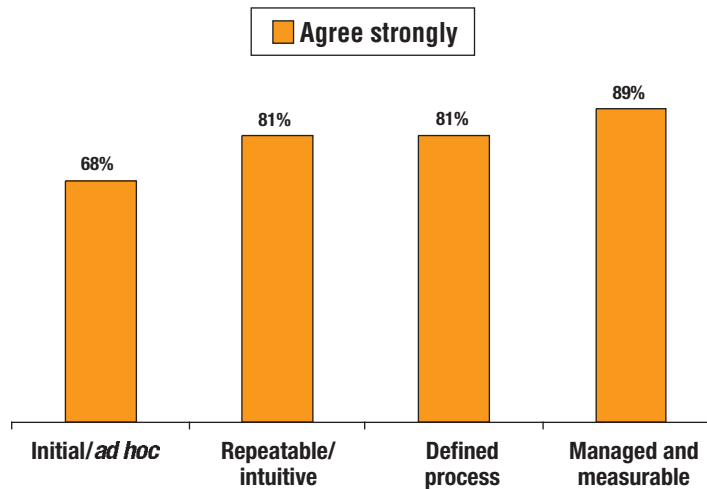


Observation: Those who consider IT important measure their progress toward or performance of IT governance more than do those who do not consider IT so important. The acknowledgement of the IT contribution leads to a higher perceived importance of IT on the business level.



**2.7.2 How would you rate your organisation's maturity level on IT governance (2.6.3)?
AND
Use of IT investments (2.2.3):**

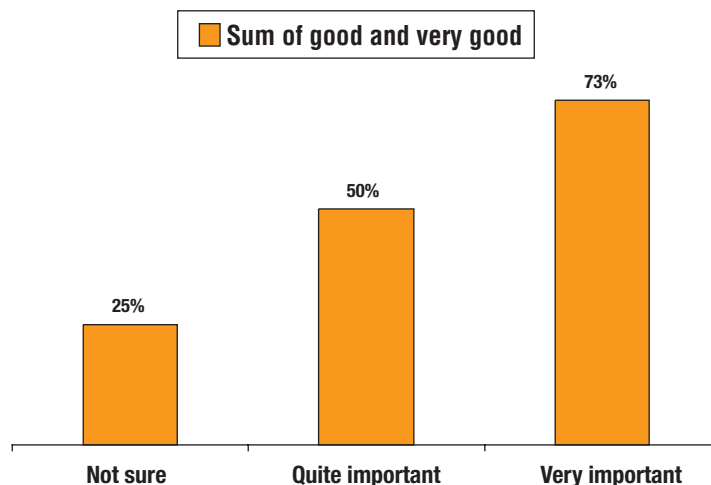
Figure 48—Cross-reference of IT Governance Maturity Level and IT Investments



Observation: IT investments have helped companies who rank themselves higher in their IT governance maturity level to a greater degree than the investments have helped less mature companies. The return on IT investment is much higher at organisations with a mature IT governance environment.

**2.7.3 Thinking about your overall corporate strategy or vision, how important do you consider IT to be to the delivery of this strategy or vision (2.2.1)?
AND
How would you describe the fit between your IT plan and your organisation's overall business strategy (2.2.6)?**

Figure 49—Cross-reference of Importance to the Strategy and Strategic Fit



Observation: As the importance of IT to the strategy increases, so too does the fit between the IT plan and the business strategy.

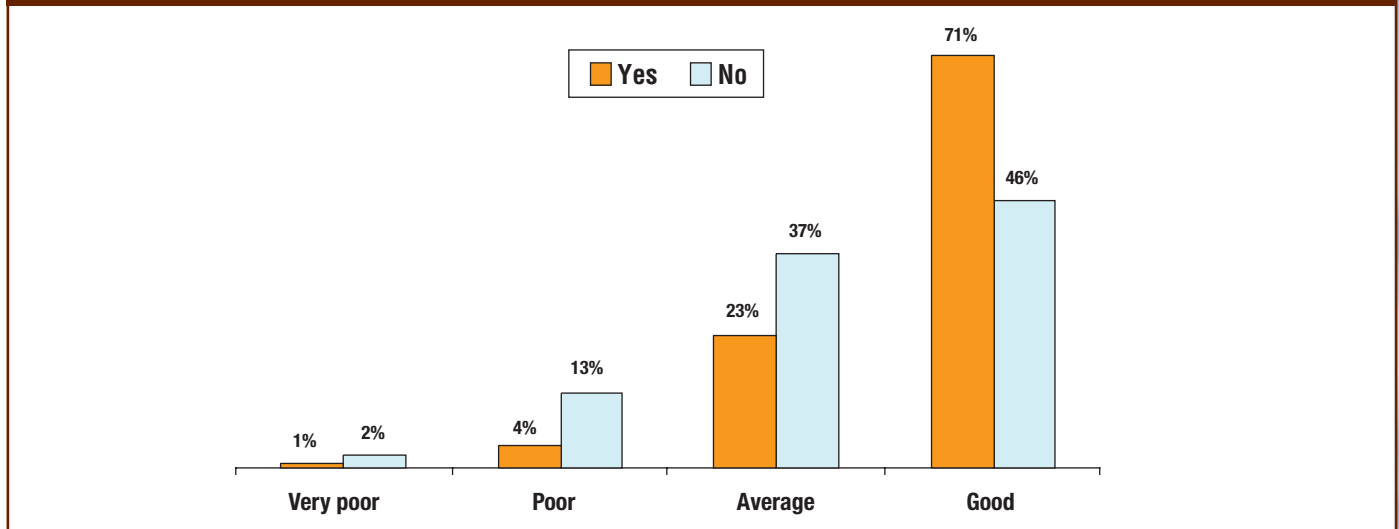


2.7.4 *Have you implemented, are you in the process of implementing or are you considering implementing business measurement projects such as balanced scorecards or dashboards as part of your management reporting practices (2.6.1)?*

AND

How would you describe the fit between your IT plan and your organisation's overall business strategy (2.2.6)?

Figure 50—Cross-reference of Measurement and Strategic Fit



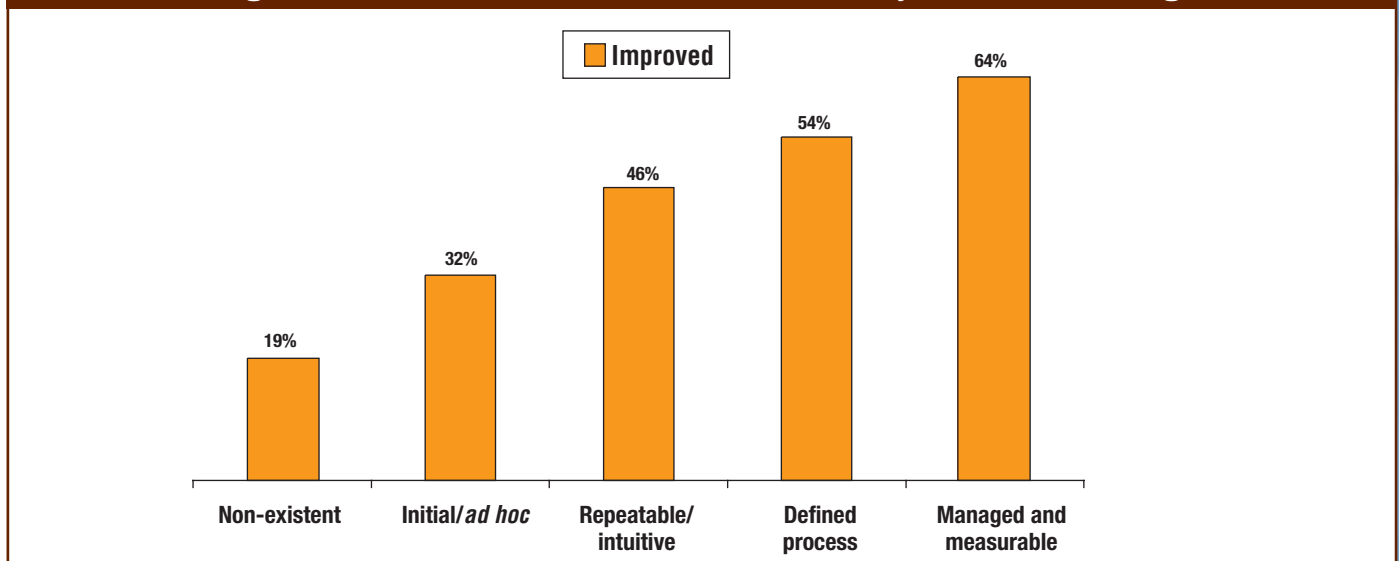
Observation: Those who measure progress or performance toward better IT governance experience a better fit between the IT plan and overall business strategy.

2.7.5 *How would you rate your organisation's maturity level on IT governance (2.6.3)?*

AND

In the past 12 months has the situation regarding IT staffing problems improved (figure 18)?

Figure 51—Cross-reference of IT Governance Maturity Level and IT Staffing



Observation: As the IT governance maturity of an organisation increases, the IT staffing problem improves.





3. COBIT User Sample Survey

3.1 Introduction

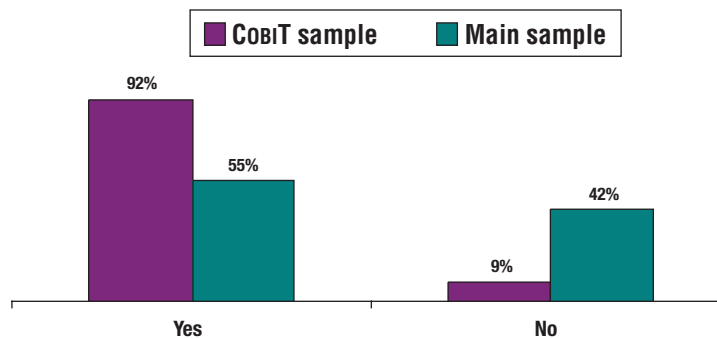
This section of the report contains a selection of detailed answers to the COBIT-related questions asked exclusively of ITGI's COBIT user sample. For each question, the following information is included:

- The overall results of the COBIT sample, i.e., the results of the whole sample without any geographical, industry or any other breakdown
- A comparison with the overall results of the larger survey (or with those from it who indicated they use COBIT, depending on the question)

3.2 Awareness, Use and Perceptions of COBIT

3.2.1 *If you are personally aware of the existence of COBIT, are you personally aware of the contents of COBIT?*

Figure 52—Personal Awareness of Contents of COBIT



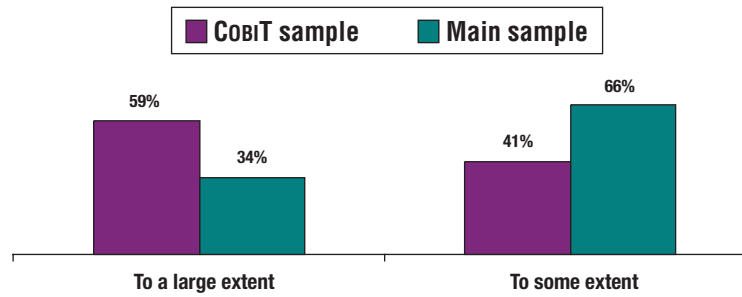
(Based on 67 respondents of the COBIT sample)

Observation: Almost all of the participants of the COBIT sample are aware of the contents of COBIT, as opposed to slightly more than half of the main sample.



3.2.2 *If you are aware of the existence and the contents of COBIT, to what extent are you aware of its contents?*

Figure 53—Extent of Personal Awareness of Contents of COBIT

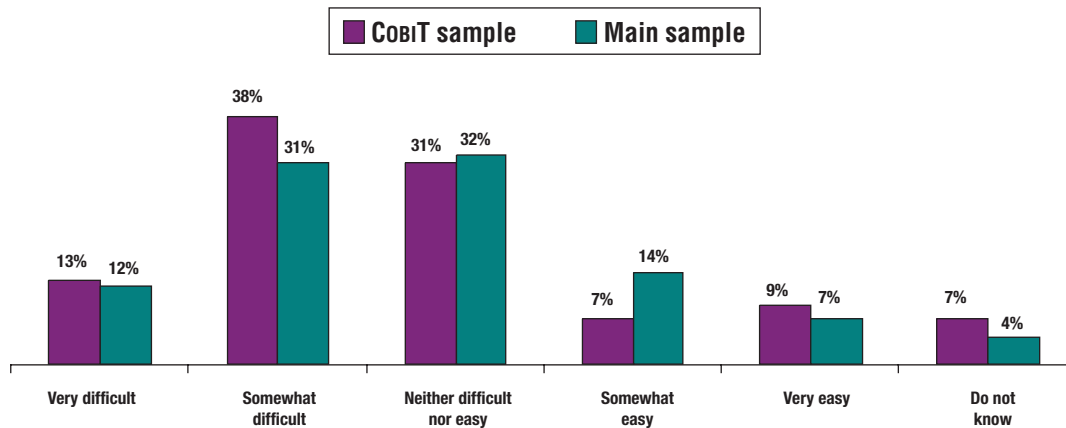


(Based on 61 respondents of the COBIT sample)

Observation: A more profound knowledge of COBIT exists amongst the COBIT sample, probably because those respondents have been using it for a longer time.

3.2.3 *How easy or difficult has it been for you to implement the COBIT framework or part of the COBIT framework?*

Figure 54—Difficulty in Implementing COBIT



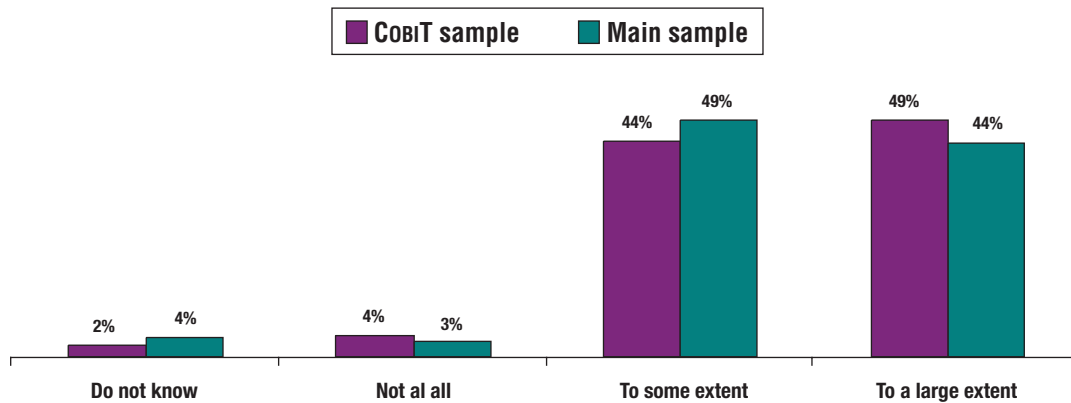
(Based on 45 respondents of the COBIT sample)

Observation: Implementation of the COBIT framework is experienced as significantly more difficult by the COBIT sample than by the COBIT users in the main sample. This finding is in line with the trend noted earlier: as users work with COBIT, they become more aware of the level of effort involved in its implementation. Most likely, the COBIT sample respondents are farther down this path and are therefore more aware of the effort required.



3.2.4 *To what extent could or do the contents and structure of the COBIT framework allow you to help implement effective IT governance practices in your organisation?*

Figure 55—COBIT’s Support in Implementing IT Governance Practices



(Based on 45 respondents of the COBIT sample)

Observation: In the COBIT sample, as in the general sample, the majority of the participants believe that the COBIT framework helps them implement effective IT governance practices in their organisation. The COBIT sample’s greater familiarity with COBIT translates to greater confidence in its ability to help them implement effective IT governance.



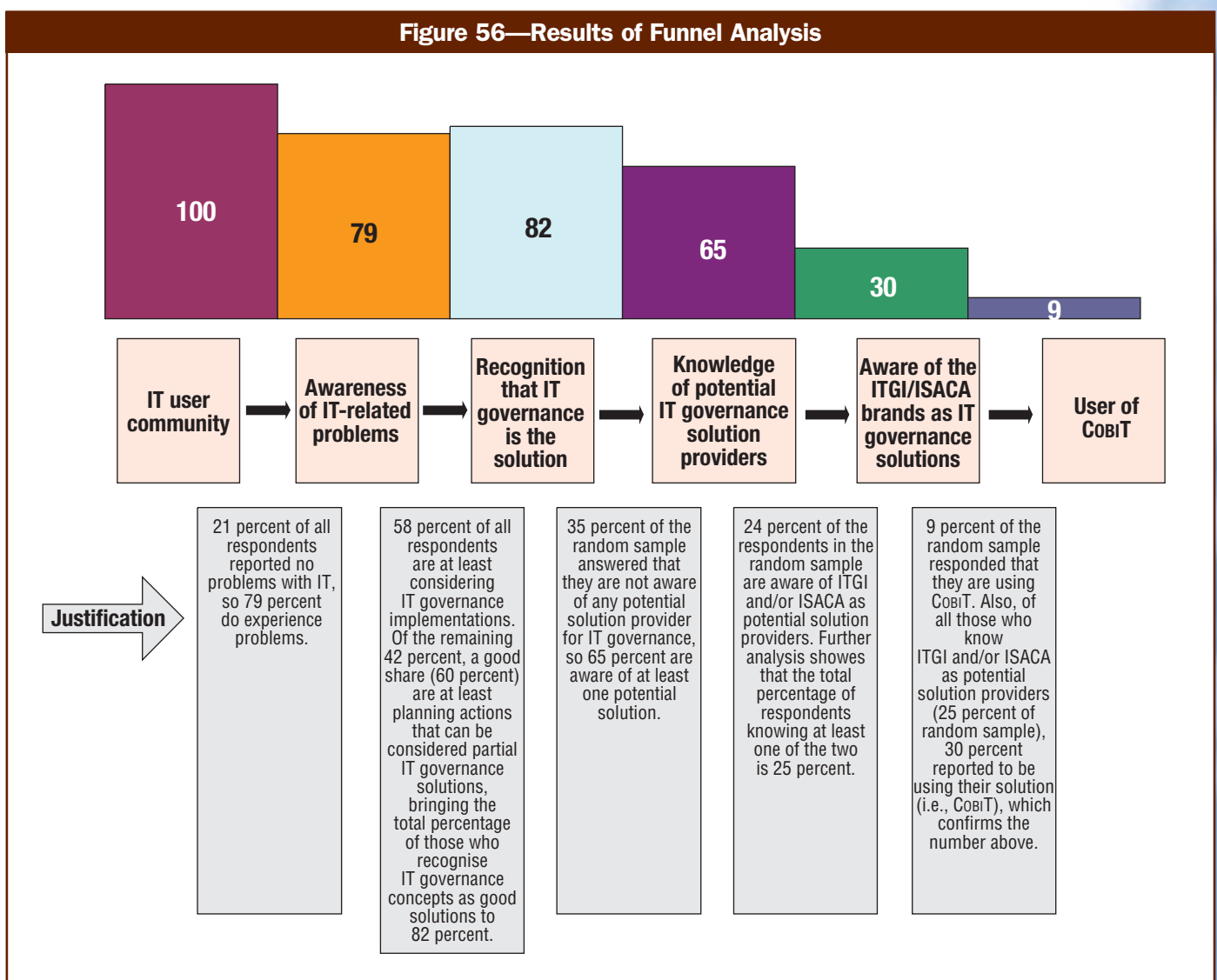


4. Conclusions

4.1 Funnel Analysis

As part of the analysis of the statistics generated in this research, a funnel analysis was performed on the survey results (figure 56). The funnel analysis reveals that most IT users are aware of the many problems inherent in the use of IT and the need to do something about them. An even larger part of the IT user community recognises IT governance as a solution to these problems or as a practice they should undertake.

Of the group that does not recognise IT governance as a solution, about 80 percent are performing a number of actions that in fact could be classified as IT governance. Almost all organisations that recognise the concept of IT governance know at least one potential solution or framework to use. Of those who know at least one IT governance solution, about 23 percent are aware of ITGI/ISACA as solution provider, and, from this group, about 50 percent are actually using COBIT. This number represents some 8 percent of the overall IT user community.







5. Appendix

5.1 Compound Problem Index

CPI can be calculated as the percentage of participants that have experienced the problem (**figure 16**), multiplied by the seriousness of the problem, on a scale of 0 to 3 (**figure 17**), and the importance of addressing the problem in the next 12 months, on a scale of 0 to 5 (**figure 19**). This total is then divided by the evolution of the problem in the last 12 months, on a scale of -1 to +1 (**figure 18**).

$$\text{CPI} = \frac{\% \text{ of participants} \times \text{seriousness of the problem} \times \text{future of the problem}}{\text{evolution of the problem}}$$

For example, CPI of IT staffing = (34,6 percent of the participants encountered IT staffing problems in the last 12 months x 1,98 for seriousness x 3,97 for the importance of addressing the problem)/2,32 for evolution in the last year = 117.

5.2 Highlights of Most Important Findings From Large Geographic Areas

The three countries with the most respondents in this survey were India, Japan and the US. Their results were compared with the global averages. The most significant observations resulting from this comparison were:

- IT is deemed very important for overall strategy delivery by 84 percent of respondents in India, compared to 57 percent worldwide.
- In Japan, IT is not very often discussed at the board level: only 26 percent of respondents indicated that IT is discussed regularly (or more often) by the board, compared to 63 percent worldwide.
- When addressing how IT has helped achieve several information criteria, the responses from India are generally 0.35 points higher than average (on a scale of 1 to 5) and those from Japan 0.35 lower.
- Communication between IT and the board about IT matters is a much more formalised and regular process in India (91 percent) compared to the worldwide average of 54 percent.
- The overall assessment of the effectiveness of communication between IT and the rest of the business is very low in Japan (3.2) compared to India (4.5) and to the worldwide average (3.8).
- The US seems to suffer less from security- and privacy-related IT incidents (15 percent) compared to the worldwide average of 25 percent and especially compared to Japan (36 percent) and India (33 percent).
- In India there is little disconnect between IT and business strategy (11 percent), compared to a global average of 29 percent.
- The US has a rather negative view of the possible benefits of IT outsourcing: 45 percent believe outsourcing will not be effective in solving IT-related problems (compared to a 30 percent average worldwide).
- Awareness of the existence of ITGI is lower in Asia-Pacific (8 percent) than the worldwide average of 22 percent, and it is higher in the US (34 percent).



6. Table of Figures

	Page Number
Figure 1—Size and Geographic Distribution of the Sample	7
Figure 2—Participation by Industry Sector.....	8
Figure 3—Organisation Size	8
Figure 4—Job Function	9
Figure 5—Importance of IT for Overall Strategy	11
Figure 6—Importance of IT for Overall Strategy, by Industry Sector.....	12
Figure 7—Importance of IT for Overall Strategy, by Job Function.....	12
Figure 8—Frequency of IT on Board Agenda.....	13
Figure 9—Frequency of IT on Board Agenda, by Industry Sector.....	13
Figure 10—IT Investments Outcome	14
Figure 11—Communication From IT to the Business	15
Figure 12—IT Department’s Understanding of Business User Needs.....	15
Figure 13—IT Department’s Understanding of Business User Needs, by Job Function.....	16
Figure 14—Fit Between IT Plan and Business Strategy, by Job Function	16
Figure 15—IT-related Problems in Last 12 Months (CPI).....	17
Figure 16—IT-related Problems in Last 12 Months.....	18
Figure 17—Problem Severity	19
Figure 18—Evolution of the Problems.....	19
Figure 19—Importance of Addressing the Problems	20
Figure 20—Effectiveness High-level Measures	20
Figure 21—Effectiveness of IT Outsourcing, by Job Function	21
Figure 22—IT Governance Practices	21
Figure 23—Recognised IT Governance Providers	22
Figure 24—Expertise of IT Governance Providers.....	23
Figure 25—Implementation Ability of IT Governance Providers.....	23
Figure 26—Overall Capability of IT Governance Providers	24
Figure 27—IT Governance Implementation Status.....	25
Figure 28—IT Governance Implementation Status, by Industry Sector.....	26
Figure 29—Implementation Status of Partial IT Governance Measures	26
Figure 30—Selected IT Governance Frameworks	27
Figure 31—Personal Awareness of Existence of COBIT	28
Figure 32—Personal Awareness of Existence of COBIT, by Geographic Area	28
Figure 33—Personal Awareness of Existence of COBIT, by Organisation Size	29
Figure 34—Personal Awareness of Contents of COBIT	29
Figure 35—Extent of Personal Awareness of Contents of COBIT	30
Figure 36—Use of COBIT Within Organisations Aware of COBIT	30
Figure 37—Use of Portions of COBIT	31
Figure 38—Difficulty in Implementing COBIT	32
Figure 39—Value of COBIT for IT Governance Efforts.....	32
Figure 40—Regulation and COBIT Use.....	33
Figure 41—Regulation and COBIT Use, by Geographic Area	33
Figure 42—Implementation of Business Measurement Projects.....	34
Figure 43—Implementation of Business Measurement Projects, by Industry Sector	34
Figure 44—Value of IT	35
Figure 45—Maturity Level of IT Governance	35
Figure 46—Responsibility for IT Governance.....	36
Figure 47—Cross-reference of Measurement and Importance.....	37
Figure 48—Cross-reference of IT Governance Maturity Level and IT Investments.....	38
Figure 49—Cross-reference of Importance to the Strategy and Strategic Fit.....	38
Figure 50—Cross-reference of Measurement and Strategic Fit.....	39
Figure 51—Cross-reference of IT Governance Maturity Level and IT Staffing	39
Figure 52—Personal Awareness of Contents of COBIT	41
Figure 53—Extent of Personal Awareness of Contents of COBIT	42
Figure 54—Difficulty in Implementing COBIT.....	42
Figure 55—COBIT’s Support in Implementing IT Governance Practices	43
Figure 56—Results of Funnel Analysis.....	45