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## Governance and Risk Management: why Software Delivery matters

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*1<sup>er</sup> et 2 octobre 2007*



# Business realities – What you see

## *Software failure impacts the bottom line*

- **Airbus**  
Non-compatible software used at different Airbus factories  
**\$6.1 billion** profit hit over the next four years, 2006
- **J Sainsbury PLC (UK)**  
Supply-chain management system abandoned after deployment  
**\$527 million** cost, 2004
- **Hewlett-Packard**  
Problems with ERP system  
**\$160 million** loss, 2004

*Software related downtime costs industry almost **\$300 billion** annually  
Only 34% of software project succeed.*

Sources: Standish CHAOS Report, Comparative Economic Normalization Technology Study, Business Week, CEO Magazine, Computerworld, InfoWeek, Fortune, The New York Times, Time, and The Wall Street Journal.

## *What's behind the failure?*



# Defining governance

*Meaningful governance helps enterprises both preserve and create value*

## (IT) GOVERNANCE DEFINED

Chains of responsibility, authority and communications to **empower** people

Policy, control and measurement mechanisms to **enable** people to carry out their roles and responsibilities



## (IT) GOVERNANCE GOALS

**Strategic Alignment**  
Increase value realization from business strategies and objectives

**Risk Reduction**  
Understand and mitigate risks associated with initiatives and operations

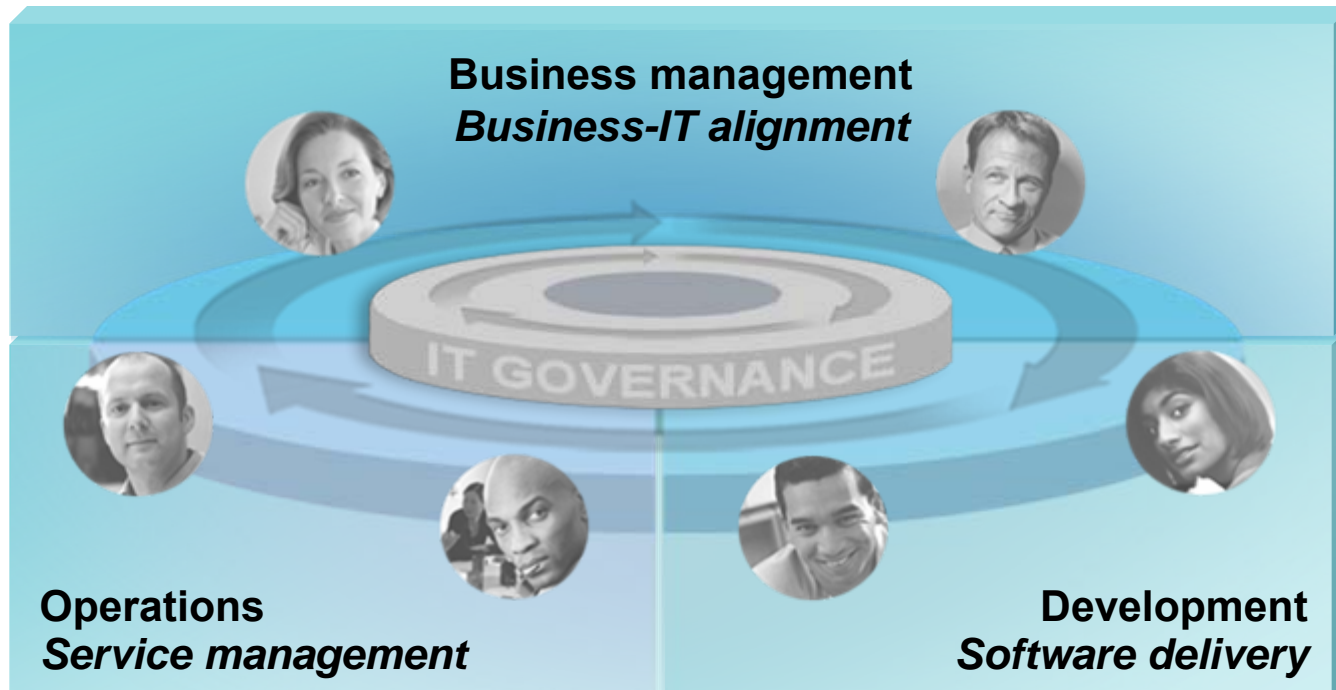
### Governance is not management

- Management implements within the policy and process created by the governance activity
- Governance must be distinct from management to be meaningful oversight to set direction, enable and measure





# Governing software and systems delivery



## ***Software and Service delivery lifecycle***

***Lifecycle integration is not just about a handoff, integration has to occur at the information, technology and process levels***



Rational



## Reducing Risk in Global Software and Service Delivery

Dr. Danny Sabbah  
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*1<sup>er</sup> et 2 octobre 2007*



## Agenda

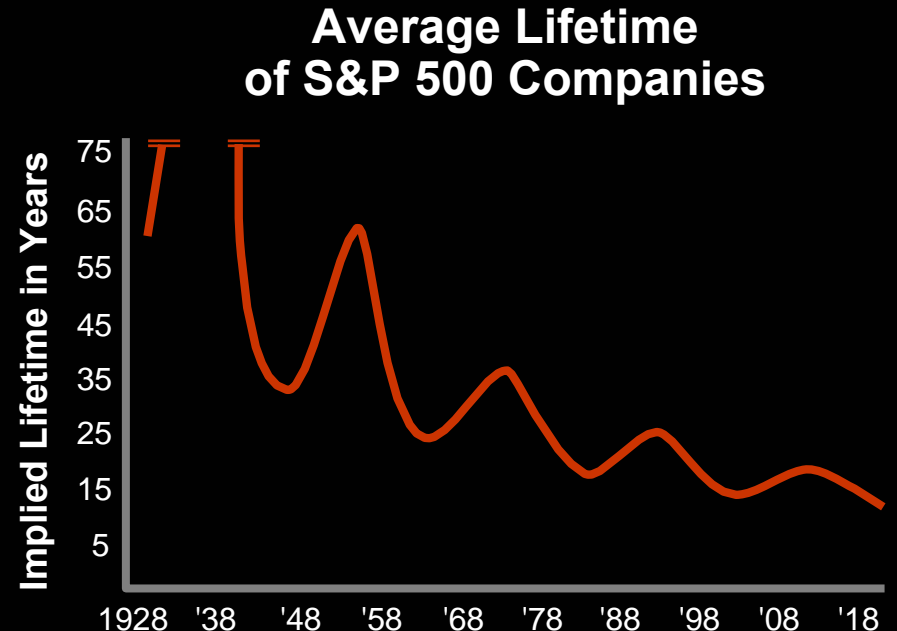
- Innovation and risk in a global world
- Maturing global software and service processes
- IBM approaches to service delivery
- IBM client success in reducing risk in innovation





# Innovation + global policy shifts are destabilizing the marketplace... and it's accelerating

- **Technology** systematically reduces interaction costs and extends global reach
- **Globalization** and distribution of organizations increases complexity of business requirements and IT agility
- Constant global policy shifts alter **regulatory** and competitive climates
- Intense pressure on **business models** drives focus on core competencies



Source: *Creative Destruction*, by Richard Foster

***Destabilizing forces converge to significantly intensify global competition***



# An increasingly intense focus on business outcomes



**Align IT and business goals enabling greater business flexibility**



**Manage value and mitigate risks by improving project management**



**Control costs & improve global operational efficiencies**



**Ensure regulatory compliance in a changing global environment**



*Consume & integrate value in organizationally diverse environments*





# What's different today? An example in software delivery

## ■ 2007 and beyond

### ■ *What we're hearing...*

*"2/3 of our projects span multiple business units"*

*"People knew it was a train wreck; no one could see what to do."*

*"We've done two acquisitions in six months and we can't lose customers"*

*"We run on the Web – and we run fast — new code makes us really nervous"*

*"We have to go where the best talent is, but we have IP and compliance realities"*

### ■ *What we're seeing...*

- *Increasingly diverse and cross organizational global project teams*
- *SOA, Web-centric & Web 2.0 enabling new business models*
- *ITIL V3, CMMI adoption with focus on lifecycle of software & services*
- *Multi-sourced IT operating models with wide- ranging security and compliance issues*



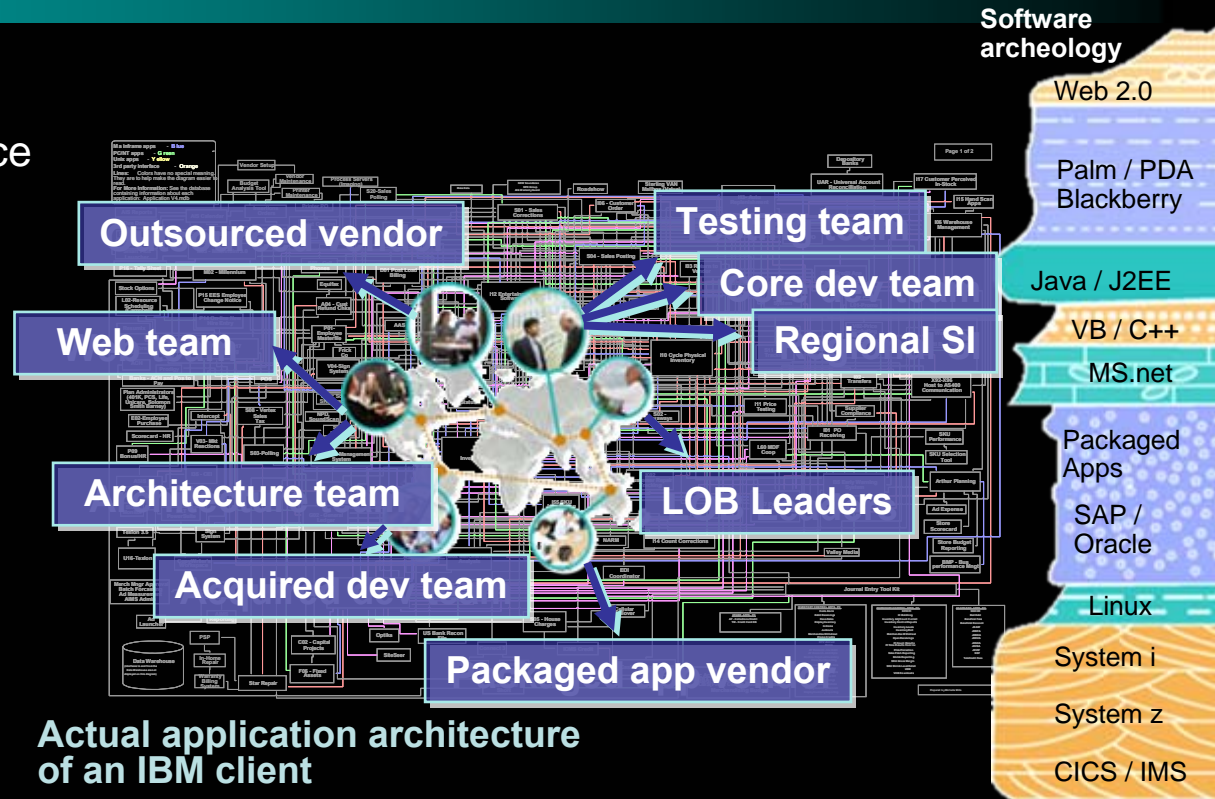
# Performance of people & assets in software supply chains



*“Whether designing an airplane, assembling a motorcycle [or delivering software]... the ability to integrate the talents of dispersed individuals and organizations is becoming the defining competency for managers and firms.”*

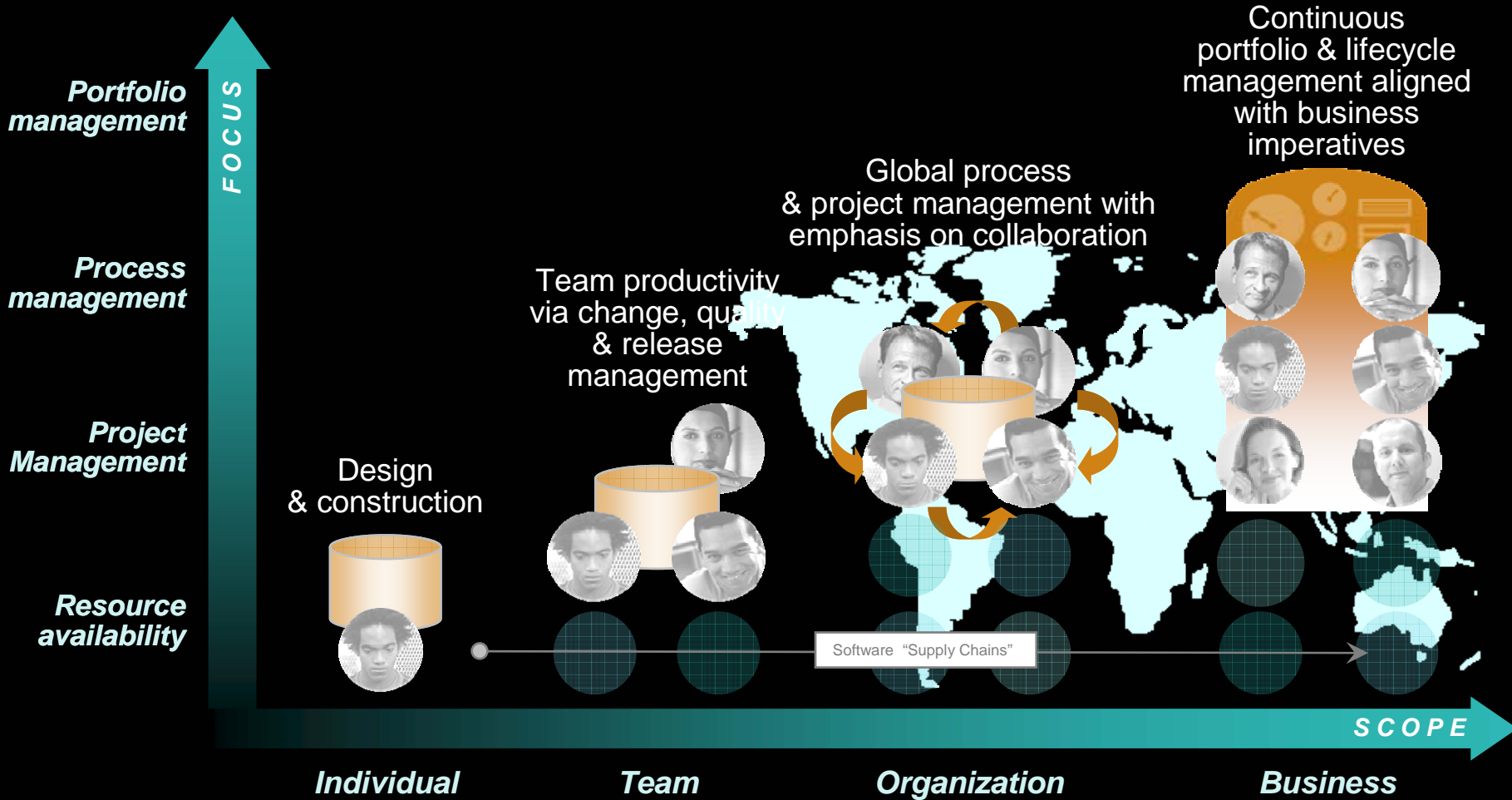
-- Tapscott & Williams, Wikinomics, Copyright 2006

- Lack of architectural governance
- Layers of disjointed, poorly managed software assets
- Contributors are everywhere with diverse skills, roles
- Growing complexity associated with IP & regulatory mandates
- More formal IT & business service level agreements



# An evolution of desired value – What you want

*Customers are maturing their approach to software delivery*



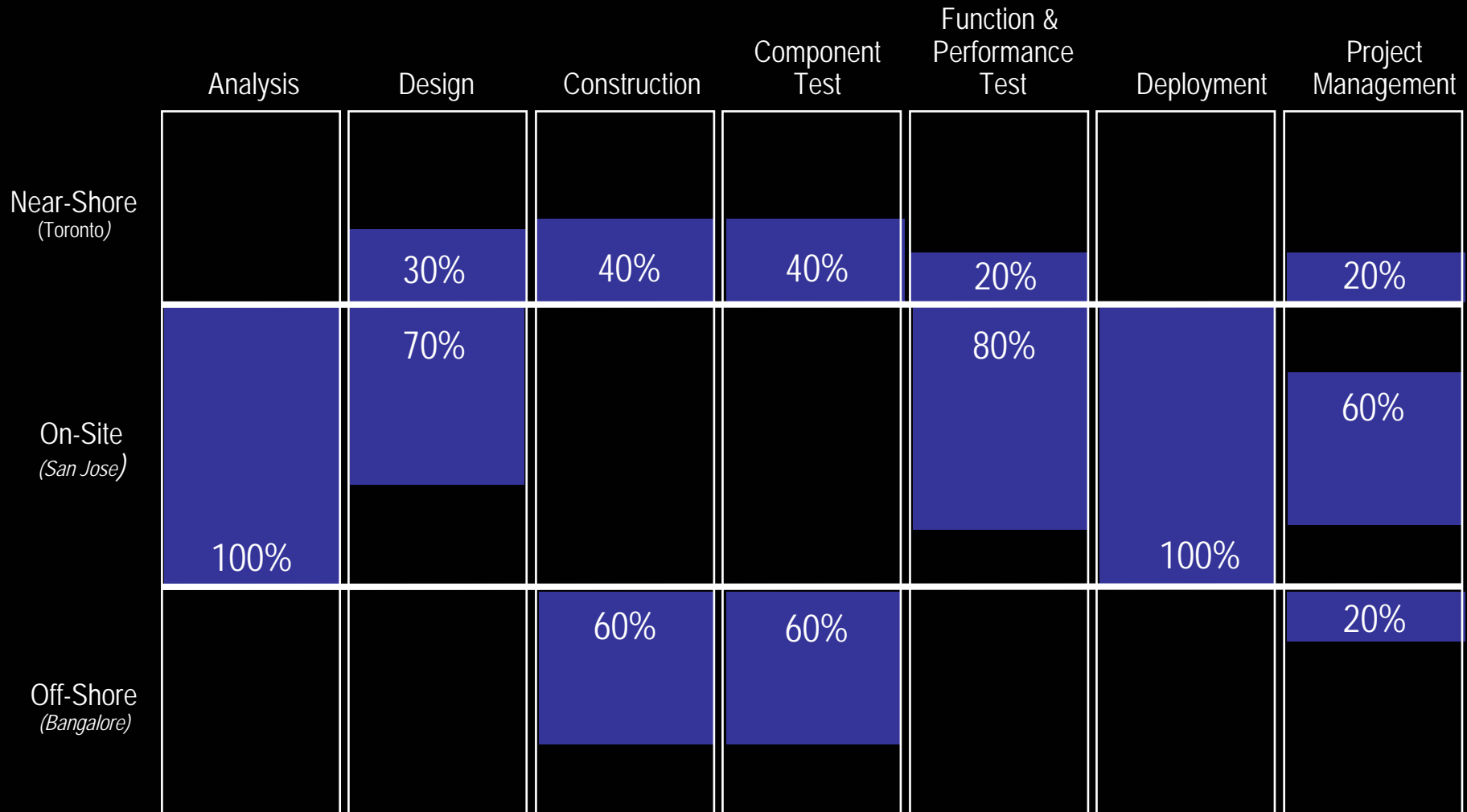


# A global delivery model – defining your landscape

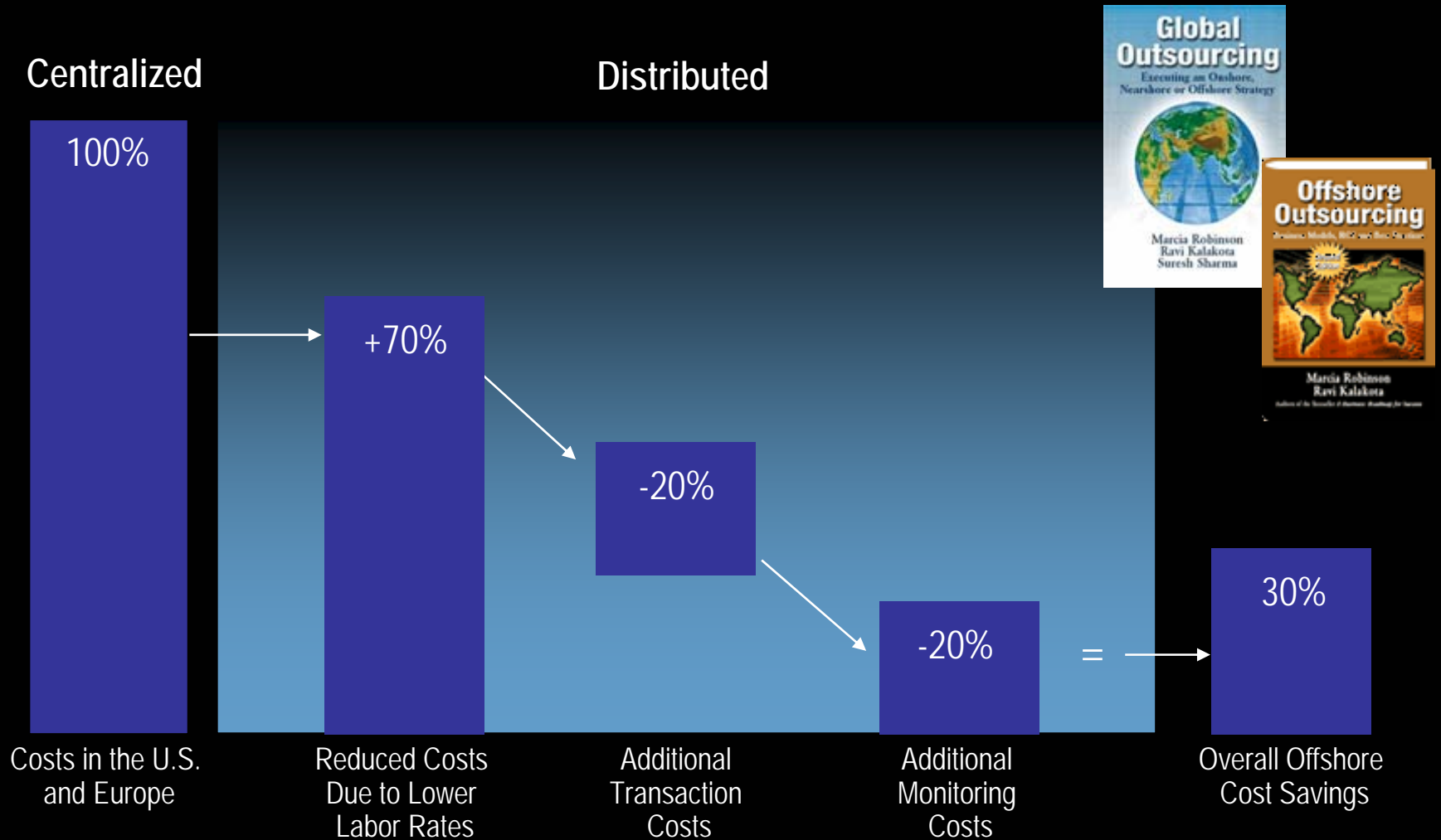
- Usually a combination of on-site and off-site resources
- On-site roles and tasks: High level of client-facing activities
  - Business Modeling/Planning
  - Requirements, Design, Architecture
  - Deployment
- Offsite roles and tasks:
  - Implementation/Production
  - Test
  - Evaluation
- At both sites:
  - Project Portfolio Management
  - Testing/Integration
  - Configuration/Change Management



# Global development and delivery landscape: Geographic segmentation & discipline allocation



# The economics of distributed development & delivery



"Offshore Outsourcing – Business Models, ROI and Best Practices" Marcia Robinson & Ravi Kalakota



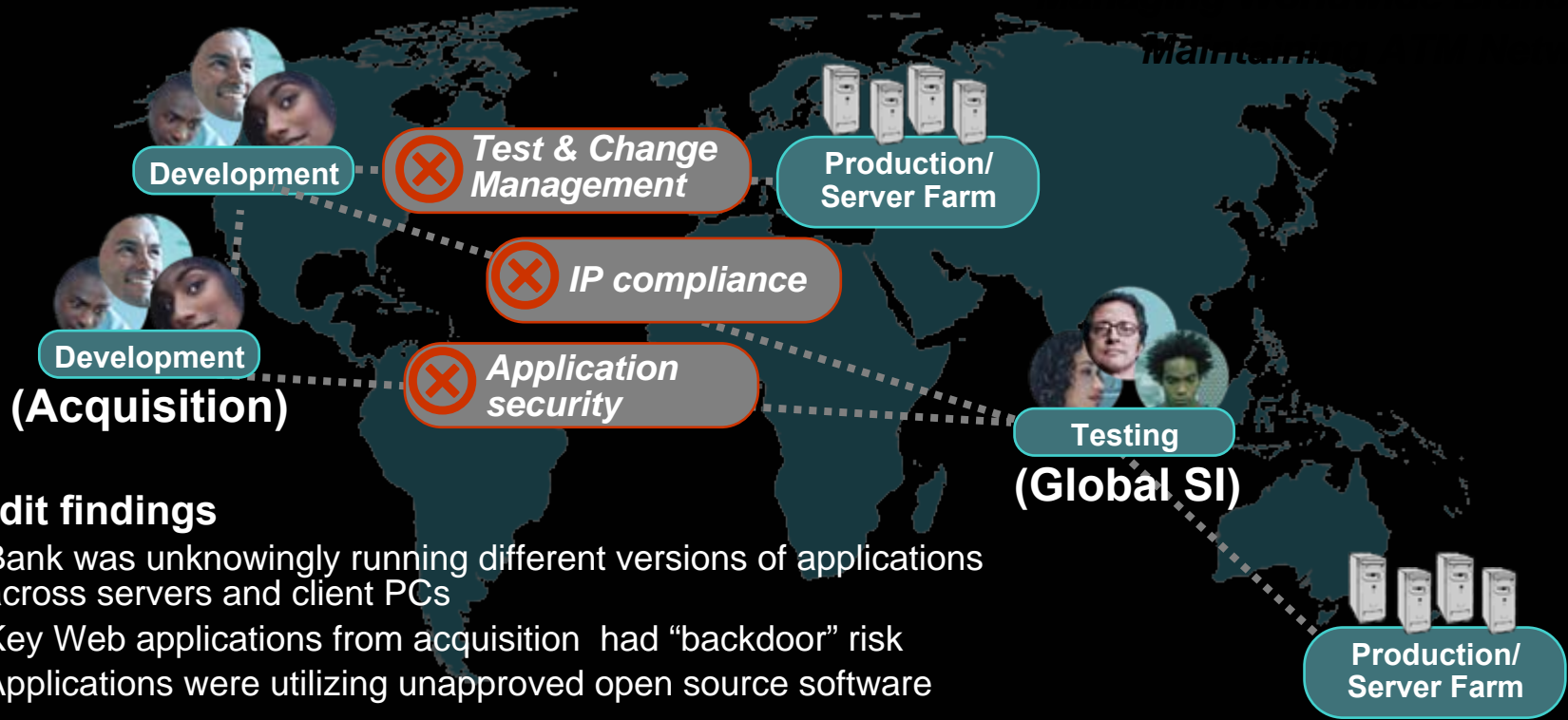
# Operational efficiency in global delivery

## *Addressing hotspots*



# Scenario: International Consumer Bank

Challenge: Gaining worldwide market share while ensuring quality



## IT audit findings

1. Bank was unknowingly running different versions of applications across servers and client PCs
2. Key Web applications from acquisition had “backdoor” risk
3. Applications were utilizing unapproved open source software

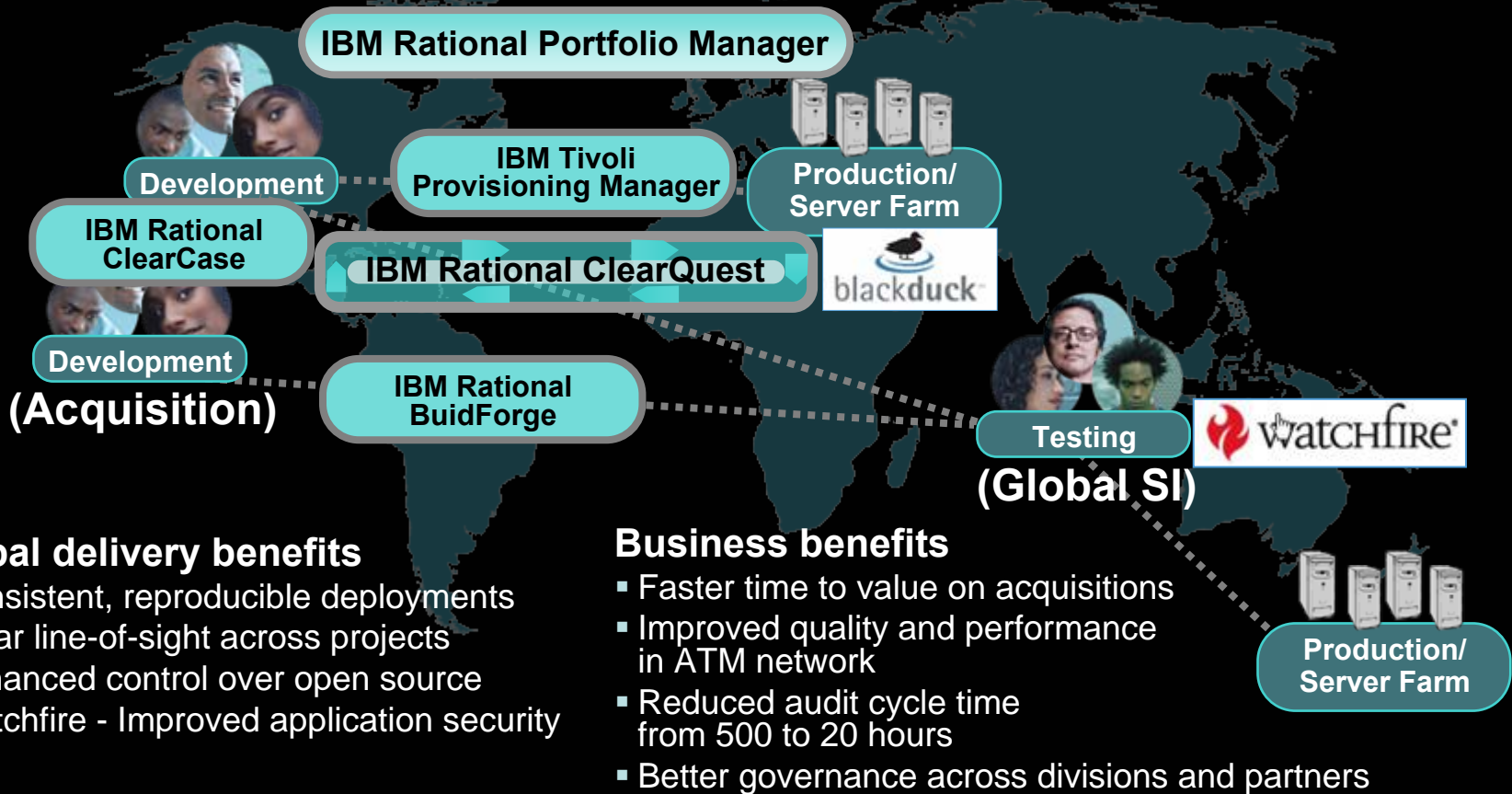
## Cost to the business

- Audit took over 500 person hours
- No centralized audit records – manual, disruptive process
- Difficult to do forensic analysis – what, who, when, where
- Inconsistent approvals/checkpoints



# Scenario: International Consumer Bank

Solution: Accelerating global software delivery with the IBM Rational Software Delivery Platform



## Global delivery benefits

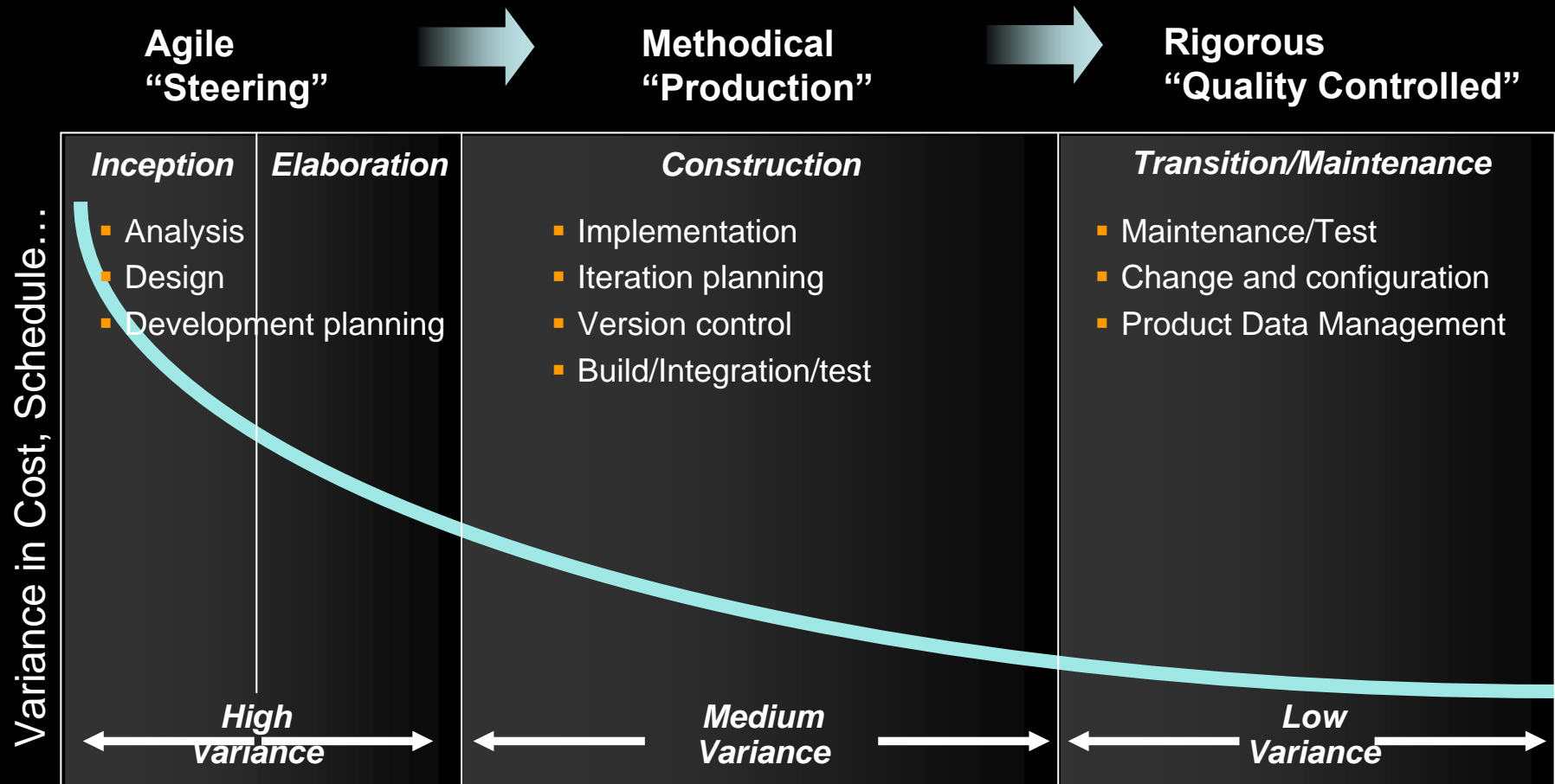
- Consistent, reproducible deployments
- Clear line-of-sight across projects
- Enhanced control over open source
- Watchfire - Improved application security

## Business benefits

- Faster time to value on acquisitions
- Improved quality and performance in ATM network
- Reduced audit cycle time from 500 to 20 hours
- Better governance across divisions and partners

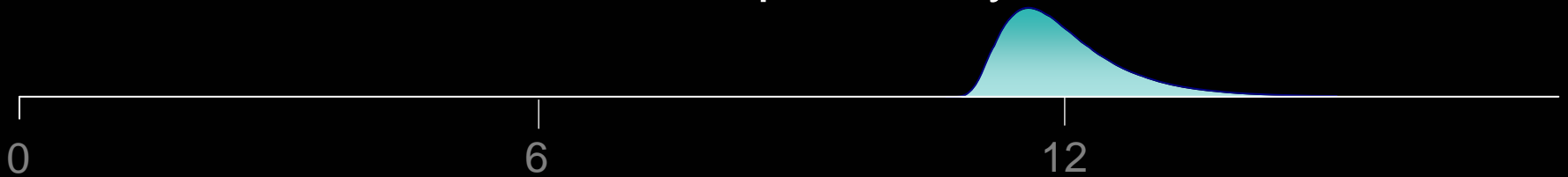


# Risk management in development and deployment

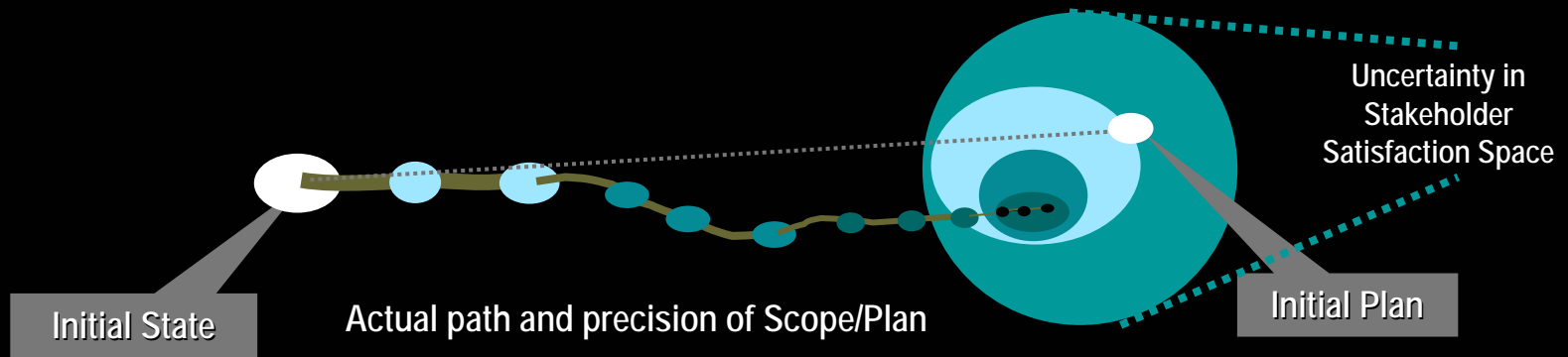


# Managing Risk = Managing Variance

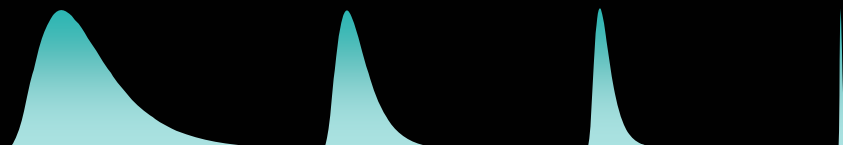
- A completion date is not a point in time, it is a **probability distribution**



- Project scope is not a requirements document, it is a **continuous negotiation**
- A plan is not a prescription, it is an **evolving, moving target**



Plans/Resource estimates  
Scope  
Product features/quality



## Four patterns of success:

*Examples in software delivery*

- ***Evolve from Scope management*** → Asset based development
  - **Real solutions = user requirements + candidate solutions**
- ***Process management*** → Right-size process based on context
  - **Good process = light to heavy across project lifecycles**
- ***Progress management*** → Honest assessments
  - **Healthy projects = active management of variance to reduce risks**
- ***Quality management*** → Incremental demonstrable results
  - **Testing ≠ running tests before production release**

Adapted to support global complexity, collaboration and governance



# Improving governance reduces risk in global service delivery

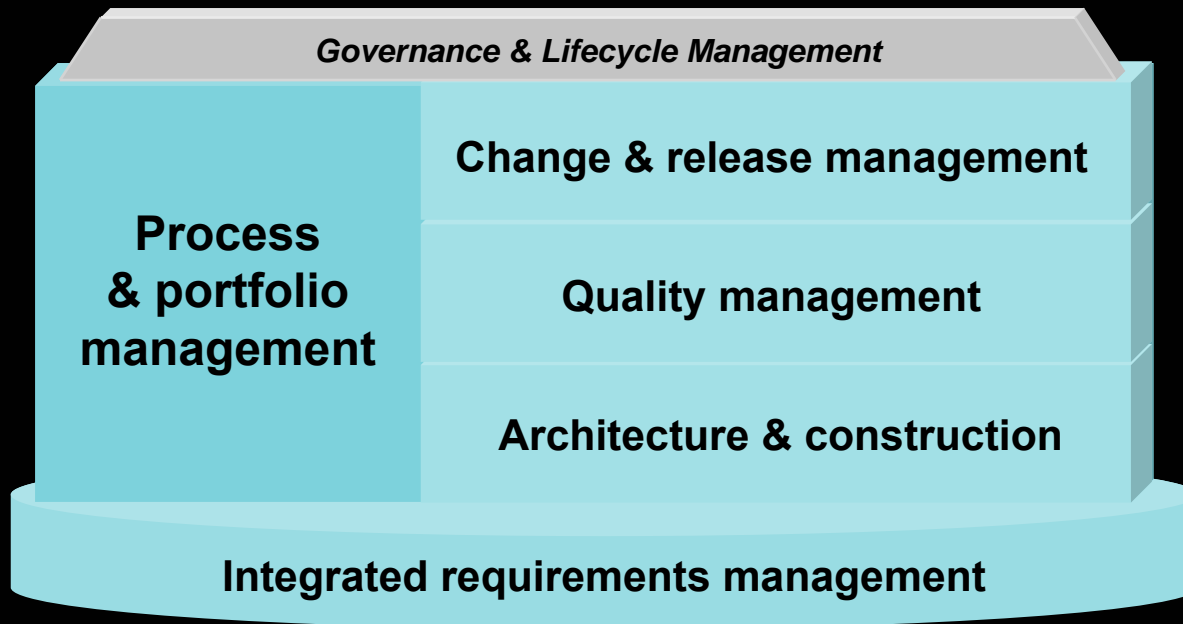
- By aligning business priorities with delivery of new and existing services
- By establishing accountability internally & with sourcing partners
- With greater agility through better resource management
- Achieving better reuse and resiliency
- Using meaningful business & risk measurements
  - Establishing feedback loops to align further align variances with business priorities





# Improving global delivery

## IBM Global Development & Delivery Solutions



***Process design and implementation best practices based on a market leading solutions delivery platform***

- **Global change and release management (ITIL V3, CMM)**
- **Distributed quality management**
- **SOA lifecycle management & governance**
- **Project portfolio management**
- **Architecture management**



# Success in reducing global delivery risk

<i>Strategic Initiative</i>	<i>Example Projects</i>	<i>IBM Proof Points</i>	<i>Client Value</i>
Enable Business Need Flexibility	One Global Technology Platform	CardinalHealth	Increased responsiveness and flexibility to clients support healthcare needs
Optimize IT	Maximize IT Resources	Banrisul	Improved project management capabilities, able to align IT resources with strategic business initiatives
Optimize IT	Product Information Management	IBM	Productivity increased by 30%, test productivity increased by 20%, lab achieved an ROI of 200% on first release
Geographically Distributed Development	Consistent Development Process	Ford Credit Ford	Consistent development process for globally located team, results in mitigating risk and meeting budget and project deadlines

*Thank You* ✨

# Vos vols en correspondance

Horaire	N° DE VOL	Destination	Equipage	Salle d'Embarquement
13h30 - 14h15	SESSION 1	The Future of Software Delivery, Roadmap et Vision.	Danny Sabbah Olivier Roubine	Boardroom
13h30 - 14h15	SESSION 2	Eliminer les risques liés aux failles de sécurité dans les applications Web avec Rational AppScan	Kamel Moulououi	Andalousie
14h20 - 15h05	SESSION 12	Les annonces de la Rational Software Developer Conference.	Remy Baranger Michel Speranski	Algarve
14h20 - 15h05	SESSION 13	Retour vers le futur avec la technologie Jazz.	Philippe j Krief	Andalousie
14h20 - 15h05	SESSION 14	Gouverner les changements applicatifs depuis le monitoring de production.	Thierry Boquet Franck Queau	Valais
14h20 - 15h05	SESSION 22	Reprenez le contrôle sur vos applications Mainframe !	Paul-André Gervet	Atlas
15h30 - 16h15	SESSION 23	Retour vers le futur avec la technologie Jazz.	Philippe j Krief	Andalousie
15h30 - 16h15	SESSION 24	Gestion des configurations et des changements et développement agile pour SOA.	Jean-Michel Athané	Algarve
16H20-17h05	SESSION 34	Eliminer les risques liés aux failles de sécurité dans les applications Web avec Rational AppScan	Kamel Moulououi	Connemara
16H20-17h05	SESSION 35	Nouveautés autour du pilotage et de la gestion des portefeuilles de projets.	Fabrice Grelier	Boardroom

