FROST & SULLIVAN

IBM Podcast: Software Development: Governing and Managing the Software Delivery Process

Pod Cast

Introduction

Software and systems are as necessary in business today as the people who use them. The development and delivery functions are crucial for financial services companies. It is important that individual organizations manage the process well. Software development projects should be delivered on time, on budget, and as requested by the customer. In order to achieve this, the process must be managed and governed appropriately.

Regulatory pressures and the necessary development activities increase significantly when a financial services company expands internationally, or offers new products and services. The need to enforce corporate and internal development policies while simultaneously speeding application delivery to end-users within the company and beyond becomes a top priority. This is where business compliance and software development compliance go hand in hand. Many financial services companies today invest in governance at the organizational level; however, the current regulatory and fragile economic climates have further increased pressures. They demand that organizations also apply the principles of governance to software and systems development. When implemented properly, governance enables companies to execute highly flexible and business driven processes in the context of a structured and compliant environment. In a heavily regulated industry such as financial services, sound corporate governance can promote investment, sustainable productivity, and build business value. Indeed many banks and insurance firms are also looking to spend less, but investing in a comprehensive strategy now can strengthen an organization's competitive position in the long run.

Governance in business is defined as the establishment of chains of responsibility, authority and communication to empower people, or the provision of decision rights. It also involves the establishment of measurement, policy and control mechanisms to enable people to carry out their roles and responsibilities. The final piece of the concept is ensuring that measures are placed throughout the process at multiple levels. These can evaluate the effectiveness of the structure, process, product quality, and alignment of the process to the organization's goals.

In today's podcast we will focus on governing and managing the software delivery process and how it facilitates an organization's achievement of the necessary balance between responsiveness and control.

Purpose of Software Development Governance and Management

There are numerous regulations, standards, and policies for banking and insurance companies, but they do not usually define exactly how these rules must be met. An individual organization must take responsibility for implementing its own solution at the development level. The purpose of software development governance is to address two goals. The first is to define and implement a structure within which to execute organizational management and administration. The second is to provide active direction, a periodic review of results, and identification and execution of adjustments to ensure achievement of the planned outcome. This in turn contributes to the success of the overall business.

Current Business Challenges and the Impact on Software Delivery

There are many challenges businesses face in today's environment. Responsiveness as a key competency is one. Also, the effectiveness of people as a critical success factor, along with overall revenue growth with cost containment. For software delivery, the challenges include keeping software projects aligned with changing business priorities, and delivering better business results within the constraints of current investments and skill sets. Also, effectively managing business and technical risk in the process.

Implementation of a Governance and Management Solution

A governance program must provide a framework to manage value, develop flexibly and control risk and change. In managing value, organizations must align business and software, balance risk and return, and provide clarity and accountability. Developing flexibly involves leveraging resources anywhere, enabling agile sourcing choices, and adopting easily extended architectures. Finally, control of risk and changes means continuously measuring and reducing risk, enabling lifecycle management, and meeting compliance needs.

The three dimensions of business-driven software development for compliance are say what you do, do what you say, and be able to prove it. A solution for compliance management that demonstrates support of all of these will first address the core issues, whatever they may be for a particular business. This first step of assessing the organization's status, open issues and necessary requirements must be completed before any additional time is invested in governance. Second, it will address control in the development environment. Risks and high variances must be proactively identified, both at the project level and the organizational level. Finally, measurement allows managers to assess the status of development and make adjustments as needed. Particular attention should be paid to the cost, schedule, scope, and quality aspects of a project.

Conclusion

In summary, key takeaways from this podcast are: Financial services companies must become much more agile and responsive to changing threats and competitors, while simultaneously satisfying ever higher standards of accountability and compliance. This can be achieved with management of software delivery that involves the balance of risk and return and provision of clarity and accountability. Working to ensure compliance with Sarbanes-Oxley, Basel II, and other corporate governance regulations and policies, can be viewed as an opportunity for an organization to focus on creating business processes that also increase their efficiency to maintain a competitive advantage and reduce operational risk.

About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, partners with clients to accelerate their growth. The company's TEAM Research, Growth Consulting, and Growth Team Membership™ empower clients to create a growth-focused culture that generates, evaluates, and implements effective growth strategies. Frost & Sullivan employs over 45 years of experience in partnering with Global 1000 companies, emerging businesses, and the investment community from more than 30 offices on six continents. For more information about Frost & Sullivan's Growth Partnership Services, visit http://www.frost.com.