Component Governance as a Key Factor for IT Business Alignment of Telecommunications Companies (Extended Abstract)

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Modern telecommunications companies (TelCos) currently undergo remarkable structural changes. To reach the operative business goals it is crucial to provide products in a fast and flexible way on mass markets. Therefore the implementation of capable IT structures will be a key success factor to be profitable. Within modern TelCos exist very different and complex considerations to reach the ideal production process. Each product of a TelCo needs to be produced individually but all the products have to be provided on mass markets. With regards to both requirements we introduce a new approach called Component Governance. Governance assures the Business Alignment of IT through the implementation of appropriate management and controlling strategies. Generally Governance needs to be applied on at least four different levels: Execution Governance, Process Governance, Business Transaction and Structure Governance. It is required to take all these levels into account to ensure that the IT is able to support the business model of the company. Governance could strongly improve the Business Alignment of the entire IT landscape of a TelCo. Therefore we compare 3 different governance methods: Functional Governance, Product Governance to the new approach Component Governance. In order to have a consistent basis for the comparison we evaluate the governance methods using a cost function. Functional Governance reflects a conventional approach in the IT development industry because it enables TelCos to reuse a lot of components. The downside of this approach is that business transactions are highly dependent on each other. One key characteristic of Product Governance is that each product has its own business transactions without any dependencies to the business transactions of other products. Unfortunately, it is not possible to apply this structure in a TelCo, because products need to share some critical technical system resources like wires or DSLAMs. Component Governance combines the advantages of Functional Governance and Product Governance without limiting a TelCo in its flexibility. For this approach it is significant that the product structure is separated into a tree structure with components. That means market products are composed of several components through internal processes. We determined the rules for the new approach of Component Governance in order to support the Business Alignment of the IT in an appropriate way. We show that Component Governance is the most adequate way to meet the requirements of a modern IP-centric TelCo.