

THE BUSINESS CASE FOR PROJECT PORTFOLIO MANAGEMENT

How Progressive IT Organizations Are Using Hosted Solutions To Deliver On Time, On Budget, On Quota and On Target With Key Business Initiatives

This white paper presents industry best practices and real-world examples of how companies are using Project Portfolio Management solutions to help drive innovations with their organizations, all while delivering on the key performance goals of being on time, on budget, on quota and on target.

The expression “better, faster, cheaper” is commonly associated with supply chain initiatives, where companies have developed an edge by getting products to market faster and more efficiently than their competitors.

However, in the new world of cloud computing, more companies are looking at their IT department as a competitive differentiator by enabling them to quickly deploy hosted applications that can level the playing field with larger, established competitors.

The expansion of cloud-based and hosted Software-as-a-Service (SaaS) solutions has enabled companies from the Fortune 500 to Small and Medium Businesses (SMB) to seek out new solutions to automate and optimize critical areas of their business--such as revenue management, price modeling and inventory management.

The good news for CIO’s is this renewed emphasis on applications as business

enablers and efficiency drivers has brought IT back to the boardroom table.

Businesses are increasingly realizing that the ability to respond quickly, efficiently and strategically to market dynamics is heavily dependent on innovation driven by IT management.

However, the growing challenge for IT departments is that this heightened profile is also increasing demands to manage and prioritize a growing list of projects. According to the Aberdeen Group research report *Project Portfolio Management for IT: How to Achieve the Greatest ROI on Projects* from November 2010, the top pressure cited by IT was the “need to use project resources more effectively,” cited by 43% of respondents.

In this environment, both large and small companies are turning to Project Portfolio Management (PPM) and IT Governance solutions to benchmark and streamline strategic initiatives. These solutions are helping overtaxed IT departments manage project requests, resources, budgets and projects and ultimately position IT as a key enabler to the enterprise reach its strategic goals.

On Time: Delivering Against The Need For Speed

Successful enterprises need the ability to respond nimbly to sudden changes

in customer demand, supply chains and competitive shifts. For IT departments, this means managing a growing list of project requests, which can change in priority and scale on a daily and weekly basis, with a limited staff and resources.

In order to build trust and accountability, IT departments must have visibility into every aspect of the project, as well as the tools to manage schedules, enable collaboration and real-time access to distributed and virtual teams.

To better manage and prioritize projects, these capabilities are quickly proving to be a huge asset for IT departments, as well as a key differentiator for their organizations to outmaneuver the competition. For example, the previously mentioned Aberdeen Group report found Best-in-Class IT departments were 28% more likely than the Industry Average to deliver projects on time.

Industry research and case studies have also demonstrated that there is a direct correlation to projects being delivered on time and on budget.

On Budget: Enabling Efficiency

Given the continued uncertainty of the economy, cost management and efficiency continues to top the list of priorities for many CEOs. In this environment, it is critical for IT managers to steer resources to the most impactful projects, provide visibility into any budget fluctuations and ultimately help their organizations run as efficiently as possible.

To help ensure there is alignment between business and IT priorities, many companies are deploying PPM solutions to identify which applications best support key business initiatives and at what cost. These benchmarking tools also allow top executives to shift future IT investments into

Case In Point: The Impact of On Time Delivery

One major credit union recently went from more than 75% of projects being late and over budget in 2007, down to an average of more than 60% of projects finished on time and under budget by 2010. Business critical projects have shown that the investment has paid off resulting in better visibility on a majority of high priority projects that were almost universally a failure in 2008.

more productive and cost-efficient tools that can be seamlessly integrated in the existing IT infrastructure.

Some of the common tactics and deliverables companies are using to realize cost-savings across IT initiatives include:

- Creating Total Cost-of Ownership (TCO) application scorecards
- Transmitting data to and from corporate ERP systems
- Integrating with existing financial and HR systems for time sheets and labor rates

As mentioned above, research has shown PPM solutions help IT departments to deliver on time and on budget. For example, the Aberdeen 2010 PPM report found Best-in-Class organizations are 14% more likely than the Industry Average to keep their IT projects on budget.

On Quota: Achieving ROI On Line of Business Application Rollouts

The emergence of Cloud Computing

and hosted SaaS solutions has given IT departments an active role on the impact new applications has on different lines of business. For example, the decision to deploy a cloud-based Customer Relation Management (CRM) solution across a 200 person sales organization can be risky if adoption rates stumble and business performance goals on pipeline performance aren't achieved.

In this scenario, it is not only the VP of Sales on the hook for the successful implementation, but also the CIO and IT department. Since IT plays an active role in these deployments, they are expected to achieve the business results promised, on time and on budget.

According to the Aberdeen PPM Report, the top strategies to manage IT project portfolios was defining clear ownership of processes and product portfolio reviews, cited by 35% of respondents.

One of the ways companies are using PPM solutions to prioritize projects and influence their impact on the business is through the use of interactive task workbench tools, help simplify definition of project plans and reporting.

The ability to focus on the most impactful projects is translating to bottom line performance, as the Aberdeen report found Best-in-Class IT organizations are 39% more likely than the Industry Average to achieve the expected ROI on their projects.

On Target: Aligning With Strategic Initiatives

One of the key differentiators among the companies that were able to grow and increase share of market during the recent economic downturn is the alignment between IT and line of business. Acting as a centralized

Case in Point: The Impact of On Budget

Recently, a regional health care agency set out to reduce the costs of running their on premise legacy tool for IT management. It delivered inadequate visibility, reporting and required manually updating spreadsheets, leading to silos of irrelevant data.

By moving to a cloud-based PPM application, the agency was able to gain visibility into the available capacity to fulfill inbound requests across the enterprise. By adding analytics and reporting modules, the agency's IT team was able to produce executive management status reports both graphically and in grid formats.

The enhanced visibility resulted in improved prioritization of the most critical applications in the portfolio, resulting in greater efficiency of resources and staffing.

Not only did the cloud-based system reduce overhead costs, it also increased overall operating efficiency by enabling staff in remote locations to easily access information from dashboards to improve visibilities into the interdependencies of the portfolio.

decision-making tool, PPM applications are helping to automate innovation initiatives at companies in industries ranging from retail to manufacturing to health care.

By providing greater transparency throughout the organization, PPM applications enable stronger collaboration for new product launches as well as business transformation initiatives. The solutions also enable the IT

Case In Point: Prioritizing the Right Projects

For one local government organization, business customers were challenging the IT department to optimize costs and show value on their projects. While this was a struggle when the department tracked the business on different spreadsheets, the IT department utilized a PPM solution to communicate how work was prioritized and then aligned the projects with the city's overall objectives.

Implementing an end-to-end solution to manage projects from initial request to project planning, estimating, scheduling to project execution, time tracking, and status reporting and dashboards, the company was able to justify workloads at multiple levels with the click of a mouse.

team to show greater accountability for its contributions to enterprise growth.

With this in mind, industry research shows IT teams are putting more science and metrics behind managing their project portfolios. For example, the Aberdeen report found Best-in-Class IT organizations are two times more likely than others to use standard performance metrics to assess the value of projects.

The report also showed 82% of Best-in-Class IT groups now assess projects based on their ROI potential, versus only 59% for Industry Average. "This helps to keep in perspective on how new projects will help

Case In Point: Financial Services Firm Aligns Project Spending & Accountability

A financial holding company operating affiliate banks with almost 50 locations in multiple regions, was managing multiple project status reports from different managers, all with manual spreadsheets. To automate this process, the company set out to build a Project Management Office (PMO) from the ground up, so that senior management could better manage, measure, track, trace and prioritize all of the work that was being requested.

After selecting and implementing a cloud-based PPM solution, the company was able to establish a "project labs" initiative to review real-time reports and executive dashboards to establish priorities for projects, applications and tasks. The executive dashboards also gave management better understanding of project health and costs associated with the high priority work the IT team was chartered to complete. Ultimately, the more structured environment enabled the financial services organization to forecast demand and deliver more projects on time.

Conclusion

Once viewed as a utility that simply kept systems running, IT organizations are increasingly being positioned as change agents who can help drive innovation and business transformation initiatives at companies large and small.

PPM solutions are a key enabler of this change as they bridge the gap between IT and the line of business. The resulting increased collaboration speeds up process re-engineering and streamlines other practices to boost organizational and customer value.

Consistent with trends that deliver across other software solutions, PPM applications are now moving to the cloud and being offered in hosted environments. Thanks in part to this trend, PPM systems can now be implemented in four weeks or less while helping companies to enjoy faster time to value by speeding up the rollout, proof-of-concept testing and changing end user behavior.

By replacing manual home-grown systems based on spreadsheets with online access to analytical reports, companies are making dramatic improvements in their ability to facilitate collaboration and informed discussion among all major business stakeholders. Ultimately, these solutions are proving to be a great enabler to the mantra of “better, faster, cheaper,” by helping companies roll out key business initiatives on time, on budget, on quota and on target.

About Innotas: Innotas provides a ground-breaking cloud-based IT Governance solution – an easy-to-use, rapid-to-deploy, and cost-effective way to manage resources and budgets across an IT department’s entire inventory of projects, portfolios, applications, assets, and service requests. With its strong foundation in Project Portfolio Management and Application Portfolio Management, Innotas provides CIOs and IT managers with visibility across both strategic initiatives and sustaining operations for improved decision making across the entire IT portfolio.

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