HP Project and Portfolio Management: not just for IT
White paper
“We first implemented HP Project and Portfolio Management (PPM) Center to help IT gain control of its project portfolio, to serve as the backbone for our project governance process, and to optimize our use of resources. Following the initial IT implementation, several other business units and functions began using HP PPM Center to manage their project work. The software allows us to manage these cross-functional projects in an integrated manner, rather than having separate projects for IT and the business.”
—PMO Director, U.S. global manufacturer

Executive summary

Over the past two years the world economy has deteriorated significantly, worsening to levels not seen since the Great Depression. Companies large and small have responded swiftly, tightening budgets and demanding greater transparency and accountability across their organizations.

Improving project success rates—defined as those delivered on time, on budget, and aligned with business goals—has increasingly become a focus for CEOs seeking to cut costs while still growing the business.

While many organizations have seasoned project managers leveraging best practice project management methodologies, achieving project success is no easy task. In fact, The Standish Group CHAOS Research reported that in 2008, project failure rates were the highest in over a decade for both private and public sectors. The report also shows a substantial rise in both cost and time overruns, increasing from 47 percent in 2006 to 54 percent in 2008.

To address the high risk of project failure, companies are now implementing enterprise project and portfolio management (PPM) solutions to gain real-time visibility into corporate investment priorities and to automate supporting project and portfolio business processes.

In fact, getting a real-time picture of the entire project portfolio can yield significant payback quickly. The Gantry Group 2008 ROI Benchmark Study for HP PPM Center software revealed that organizations that gained the necessary visibility into the project portfolio were able to eliminate projects that did not demonstrate value to the business. Doing so returned a savings of 7.8 percent of the annual IT budget in just one year—rising to 12.6 percent after three years. Critical to this benefit realization was using HP PPM Center to aggregate all project demand and automate cross-organizational business processes that support portfolio prioritization, project selection and evaluation, project execution, and reporting for key stakeholders.

This paper will explore how companies are using HP PPM Center to improve cross-organizational project success rates while driving sustained cost reductions. Suggested starting points and key success factors will also be discussed.

New realities drive new requirements.

Optimize investment decision-making and reduce project risk.

CEOs today are asking for a corporate view of all projects, not just those managed and funded by IT. While economics are driving this interest, companies are also running more complex projects outside of IT. Many projects cross the boundary between IT and the rest of the business. Success or failure will have significant consequences across the organization.

To better manage the cost and risk of failed projects, the CEO of a large financial institution in Asia Pacific uses HP PPM Center to manage all discretionary project spend across the organization—in excess of 1,000 business and IT projects consuming over 2,500+ staff.
He regularly uses the product’s real-time dashboards to review the health and progress of the strategic portfolio with department heads. For IT projects with significant technology spend, the CIO gains weekly project oversight, helping him understand the health of IT projects, resource utilization and capacity, and actual dollars spent against plan.

Resources allocated to lights-on and maintenance work are tracked alongside project work. This gives executives across the organization real-time oversight into who is working on which projects and what operational work, helping mitigate potential resource allocation conflicts.

Executives also use HP PPM Center portfolio management capabilities to easily monitor the risk of in-flight projects. Examples of risk evaluation include business versus IT risk, progress-to-date ratings, mitigation strategies versus time to implementation, etc. The firm also leverages portfolio management to select projects based on a consistent set of financial and risk scores, verifying that all project investment decisions occur on an equal basis—ultimately optimizing the investment decision-making process.

Align corporate projects with business goals and customer requirements.

Gaining visibility into the entire portfolio of projects and their associated health status, resource requirements, and value to the business has risen from nice to have to business critical. Few, if any, organizations can afford to fund projects that do not demonstrate value to the business.

Mentor Graphics, a developer of electronic design automation software, uses HP PPM Center within IT but also within its software product divisions. The company is using the system to gain global visibility into all projects and improve project prioritization and product enhancements based on business alignment and expected business benefits.

Providing consistent, repeatable, and reusable PPM processes within IT and its product development organization has significantly improved overall productivity. IT project managers are now able to provide comprehensive project visibility to sponsors, stakeholders, and team members by using role-based real-time dashboards. Previously, this was a manual effort and took inordinate amounts of time to pull together. For the software product division, HP PPM Center is used to capture all product enhancement and product update reports from the product sales, marketing, and customer support organizations. By centralizing these reports and processes, Mentor Graphics has been able to increase both demand fulfillment and resource utilization. Such productivity improvements are helping its employees turn their attention to what matters most—innovation and serving customer needs.

Automate and standardize project management processes.

Implementing automated, standard project methodologies corporate-wide delivers productivity gains and yields many cost savings. Aggregating multiple stand-alone project plans is both time-consuming and prone to error. And because manual reporting is not real time, your team is constantly in reactive mode and not able to foresee the impact change will have on a project because visibility into all project interdependencies is not available. Inability to rapidly adapt budgets and resources in response to change is one of the biggest causes of project delays and budget overruns.

Additionally, automating standard project methodologies also enables that the day-to-day project work is consistently captured across departments. Such consistency is essential for generating accurate reports for individuals at all levels within the organization.

The Gantry Group 2008 ROI Benchmark study for HP PPM Center confirmed that by automating standard project and portfolio management processes with a single PPM solution, such as HP PPM Center, organizations increased productivity. Time spent generating project status reports decreased by 30.5 percent after year one and was reduced by 54.7 percent after three years.
Implement best practice quality frameworks.

Keeping quality high while containing costs is leading many companies to adopt best practice quality initiatives, such as Six Sigma and ITIL. Increasingly, HP PPM Center is being used as a way to achieve and cost-effectively sustain these best practices. For a U.S. manufacturer, its global manufacturing strategy group implemented HP PPM Center to optimize the entire supply network—from strategy through to execution. Specifically, they use HP PPM Center to track Lean Six Sigma projects and also enforce consistent, automated processes to drive overall success of their Lean Six Sigma initiative.

The company uses HP PPM Center in other organizations, such as IT, R&D, global engineering, and marketing. The software also automates its cross-organizational global stage gate processes, which support the commercialization of products from R&D through to market release. HP PPM Center portfolio management bubble charts show the magnitude of the forecasted product opportunity and the value associated. Deeper details of each product development project are readily accessible from the real-time report.

Providing a single place to capture all projects, HP PPM Center gives the company much needed visibility into all corporate projects—but also a way to implement best practices and standard project methodologies. Adherence to consistent processes enables the company to produce the business-critical reports used for strategic decision-making.

Demonstrating a commitment to quality and best practices was also a strategic goal for IT applications and service provider Birlasoft, Inc. Prospective clients began to require that Birlasoft achieve Six Sigma and CMMI Level 5 best practices in order to submit an RFP. Additionally, current clients wanted to view project status online and in real time. The firm chose HP PPM Center to meet both of these requirements, improving client satisfaction and improving the bottom line. In fact, an independent return on investment (ROI) analysis revealed that real-time visibility into all projects helped Birlasoft reduce labor expenses due to improved staff loading by 59.5 percent after just one year. Birlasoft also improved project timeliness (projects brought in on schedule) by 31.5 percent after just one year, increasing to 63.1 percent improvement after three years.

Achieve cost-effective industry compliance.

Reducing the cost and risk of maintaining compliance with corporate and industry regulations is another factor driving organizations to implement an enterprise PPM solution. Having a consistent set of project methodologies that automate compliance processes creates an audit trail that can be relied upon and used for regulatory reporting. Implementing a PPM solution that offers field-level security is critical. This ensures that the right people have access to the right information (such as application changes and code migrations) at the right time—and that those specific actions are easily demonstrated in an audit trail.

For example, Constellation Energy, a leading supplier of competitive energy in the United States and Canada, utilized HP PPM Center to create standard demand and change management practices, resulting in reduced audit sample points by over 95 percent, driving a recurring tangible savings of over $1 million per year in audit costs.

Improve global resource optimization.

Turbulent economic conditions have made resource optimization just as important to non-IT organizations as it is for IT departments. This is particularly the case for companies that outsource a significant portion of the workforce. Gaining real-time visibility into what people are working on—and at what cost—is critical to reducing costs and ensuring optimal project outcomes.

For a global hardware and software manufacturer, optimizing resources for its product services organization was key to reining in costs but also bringing products to market faster. This organization is responsible for the commercial release of every single product the company makes. It needed a PPM system that would provide a real-time view into resource allocations and capacity throughout product lifecycle processes (PLC). Integration with different time card systems was also essential, and zero-client functionality was needed to support users worldwide.

Since deploying HP PPM Center nearly two years ago, the company attributes significant savings to improved resource utilization within its PLC processes. Manual processes were replaced by automated workflows, time sheets rolled up into a single repository, and the time to report on PLC projects was significantly reduced. Resources were able to do more with less and focus on their most important goal—decreasing the time it takes to release a product to market.
“Executives at a financial services client struggled to get accurate, consistent real-time reports for its corporate real-estate projects. Manual processes and use of multiple applications by different business units inhibited visibility and led to reporting errors. Since implementing HP PPM Center, the firm now has standardized project management processes driven from a single application, and each business unit is getting timely, accurate reports that help them run this part of the business.”
—Richard Howe, ResultsPositive, PPM Services Director

Reporting

Understanding how your projects are performing against business goals is essential to achieving a positive ROI from your PPM investment. Creating reports that offer timely insight into the entire corporate project portfolio, resource utilization rates, project health metrics, project interdependencies, and many other key performance indicators, is critical for driving effective communications throughout the company. Reports that speak to the contributions at every level of the organization help users understand how their daily work impacts the overall business—critical for driving and sustaining adoption.

Additionally, a single enterprise PPM system will enable you to lower the cost and time IT needs to spend creating reports. It will also enable you to deliver a consistent look and feel to reports, helping readers more easily interpret information coming from a wide variety of sources. This expedites decision-making and increases value derived from the system.

HP PPM Center provides reports for each critical step in the PPM process—portfolio and demand management, program management, financial management, project management, resource management, and time tracking.

Getting started

Non-IT departments can get started with a PPM system from a number of focus areas. Consider starting at a point that addresses your most pressing business concerns. This will help you gain adoption and also demonstrate value early.

Demand consolidation

For many organizations, understanding all of the demand being asked of your department is the essential first step in prioritizing workload and determining the relative business value of project proposals against business goals. HP PPM Center Demand Management module provides this functionality. It also interoperates with other systems, such as help desks, to provide a true picture of the demand asked of your department.

Portfolio management

Organizations that already have a demand management system in place, manual or automated, sometimes start with portfolio management. Understanding the overall health of the corporate portfolio can rapidly improve and expedite investment decision-making.

Project management

Delivering complex programs and projects on time and on budget is a major challenge for any organization. Automating and enforcing standard project management processes will help you focus on project execution. It will allow you to see which projects are in trouble at any given time and make decisions about how to get them back on track. HP PPM Project Management module will help you quickly get visibility into your projects. It also provides bi-directional integration with Microsoft® Project should you have users that require this capability.
Figure 1. Portfolio management. Real-time portfolio views

The HP PPM dashboard displays portfolio information, giving executives real-time views of portfolio performance to aid decision-making.

Figure 2. Financial management. Compare actual project costs versus planned costs.

Consolidating and analyzing costs across all dimensions helps keep projects within budget.

Time management

Tracking time against project work is a way some organizations begin to use HP PPM Center. This tends to be for departments who are contributing resources to a large cross-company project. The HP PPM Center Time Management module uses a simple Web-based interface and requires little training. If you have an existing time tracking system in place, HP PPM Center integrates with a variety of other systems. Starting here will enable you to track the work-demanded and time-demanded sides of the equation in one system.

Resource management

For some organizations, the top priority is the ability to analyze and compare skill sets, levels of proficiency, availability, and projected utilization while staffing an approved project or during the initial proposal evaluation phase.

HP Project and Portfolio Management (PPM) Center

HP PPM Center software allows you to govern your corporate portfolio of projects, applications, and opportunities with effective collaborative processes. It helps you standardize, manage, and capture the execution of project and operational activities. It provides critical information in real time to help you make the right decisions at the right time.

An easy-to-configure workflow engine underlies each of the HP PPM Center modules. This helps organizations automate and enforce business processes that support cross-organizational projects. This capability also facilitates implementation of standard project management methodologies, across all types of projects, enabling the day-to-day work to be captured consistently and be relied upon for reporting.

Success factors

Secure and maintain executive management support.

Gaining executive support for implementing a PPM system that is utilized by multiple organizations—not just IT—is essential. Our experience has shown that firms that are most successful have leadership buy-in, particularly from the CEO. For the U.S. global manufacturer that has a global stage gate process spanning IT, marketing, R&D, and global manufacturing engineering, it formed a steering committee with members from each organization. R&D generates project portfolio reports and analyses that are reviewed by this committee and other senior executives at the company. This type of cross-organizational executive engagement sends a clear signal that using HP PPM Center is strategic to the business. Conversely, firms that tend to struggle with their PPM implementations often do not have clear executive support.
Gain visibility into the entire corporate project portfolio.

Gaining real-time insight into all projects is essential for understanding how investments are aligned with corporate goals. As the Gantry Group 2008 ROI Benchmark Study for HP PPM Center has shown, canceling projects that do not demonstrate business value is one of the quickest ways to receive payback on an HP PPM Center investment. Equally important, such visibility offers ongoing insight into how to continue to invest and adjust the project portfolio as business conditions invariably change.

Implement standard project methodologies.

Reports generated from HP PPM Center will only be as accurate as the data that is captured on a day-to-day basis. Implementing automated standard project management processes will help ensure that dispersed project teams are using consistent metrics to track and measure projects. Having standard methodologies will also decrease the time to aggregate reports and perform subsequent analysis.

Keep it simple.

It cannot be overstated—do not over-engineer your workflow processes. Keep your focus on automation of the key business processes that will support your goals. Complicated workflows that are beyond the maturity of your organization will likely fail due to poor end-user adoption. By keeping it simple, users can acclimate to HP PPM Center while organizational maturity evolves. This will also save you time and money should you need to adjust your business processes in the future.

Measure and communicate—early and often.

Customers with the most successful project outcomes know how to measure and communicate throughout the company. Focus your HP PPM Center investment on achieving incremental value and communicating achievement of critical milestones to stakeholders. This will provide momentum needed to sustain your implementation as it evolves within your organization. Take advantage of HP PPM Center reporting to show statistics—such as improving on-time delivery rates, cost reductions, project manager efficiency gains, and budgets that track closer to actual results.
Conclusion

Significant and long-standing economic turbulence has driven nearly every organization to evaluate how it can cut costs but still remain competitive. HP PPM Center software, initially adopted by IT organizations to manage just IT projects, is increasingly being implemented by non-IT organizations that have the same basic requirements as their IT counterparts: Reduce costs, optimize resources, and align the project portfolio with corporate goals. HP PPM Center has demonstrated that it can help companies of varying levels of organizational maturity create sustainable cost reductions while also improving overall business outcomes.

Find out more.
To learn more about how HP Software and Solutions can help you realize the potential of enterprise project and portfolio management, contact your HP representative today or visit us online at www.hp.com/go/ppm.

Figure 4. HP integrated approach to project and portfolio management