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THE ORGANIZATIONAL BENEFITS OF PROJECT PORTFOLIO MANAGEMENT TOOLS FOR TRAVEL AND TRANSPORTATION INDUSTRIES

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ABERDEEN

This report explores how top performers in the travel and transportation industries use centralized information and automated processes enabled by project portfolio management (PPM) solutions to better select and execute transformative projects.

Organizational transformation is a major objective for operations within the travel and transportation infrastructure industries, such as highways, airports, and railways. These organizations must become more effective while continuing to keep costs low. When managing such complex operations with so many moving parts, knowing where to begin can be a challenge. Every organizational improvement starts as a project. Unfortunately, in the travel and transportation industries, it is not feasible to start every project that comes to mind. Cost constraints and a lack of resources force organizations to select only the projects that will provide the greatest gain for the organization. Of course, this argument hinges on the assumption that projects will be completed without any setbacks. Therefore, both project selection *and* project management are extremely important for travel and transportation industries in their quest for transformation. This report, based on Aberdeen's Project and Portfolio Management Survey (2017) survey of travel and transportation organizations, uncovers how top performers select and execute transformative projects using the centralized information and automated processes that PPM solutions provide.

Transformation Doesn't Come Easy

Business transformation is easier said than done. Aberdeen's *Project and Portfolio Management Survey (2017)* asked travel and transportation organizations to select their top two pressures in project management (Figure 1). The results show that these organizations face significant pressure in selecting and managing transformative projects.

Budget costs and low potential ROI bring substantial challenges to the project selection process. Organizations must do a better job of prioritizing which projects will provide the most significant organizational impact.

Some considerations, for example, are whether projects align with long- and short-term goals, or if they're merely "nice to have." Additionally, frequent "loud voices" may have sway over project selection — regardless of whether a project promises a real business case. But, it is not merely a

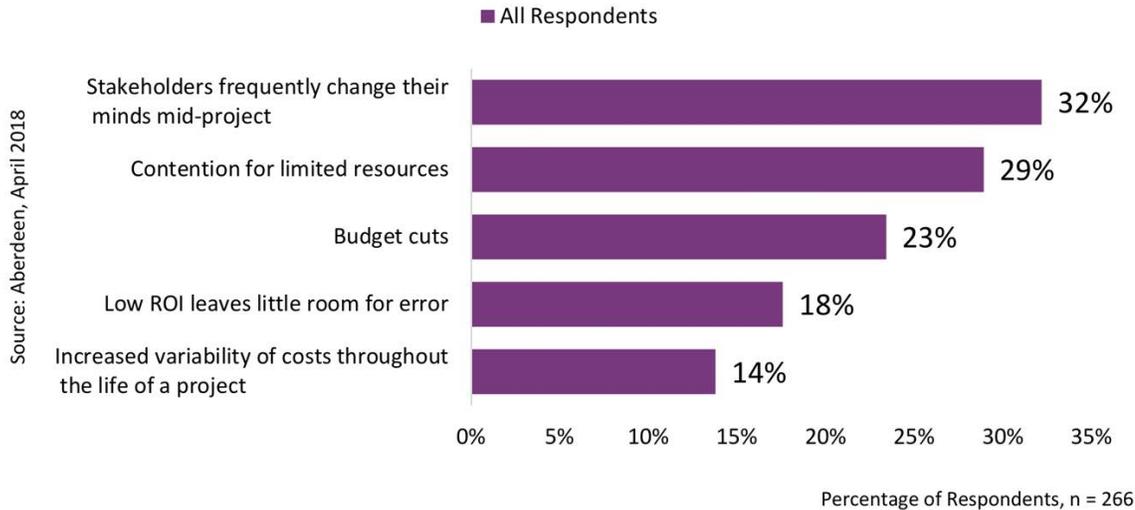
The Aberdeen maturity class framework is comprised of three groups of survey respondents. This data is used to determine overall company performance. Classified by their self-reported performance across several key metrics, each respondent falls into one of three categories:

- ▶ Best-in-Class: Top 20% of respondents based on performance
- ▶ Industry Average: Middle 50% of respondents based on performance
- ▶ Laggard: Bottom 30% of respondents based on performance

Sometimes we refer to a fourth category, All Others, which is Industry Average and Laggard combined.

question of which project will provide the greatest ROI; it is also a question of which project the organization can successfully complete. With limited resources, travel and transportation organizations must look across the entire project portfolio to ensure that resources are allocated effectively and that there is an optimized mix of initiatives and projects.

Figure 1: Challenges of Managing and Selecting Transformative Projects



Similarly, contention for limited resources means that these organizations must do more with less as they manage individual projects. This is compounded by rising, unpredictable costs. Further, unpredictable stakeholders can change project scope very quickly. For these reasons, travel and transportation organizations must look to ways in which they can improve project execution and make sure that transformation is achieved.

In response to these challenges, top-performing travel and transportation organizations have embarked on a series of strategies. Survey takers were asked to select their top two strategies that affect project and portfolio management:

1. Improve communication with stakeholders throughout projects (23%)
2. Improve agility through adoption of “Agile” methodologies (20%)
3. Improve visibility into project data (18%)
4. Improve deployment of skilled resources across multiple projects (15%)

The top strategies of Leaders suggest that two main components are essential to these tasks: visibility and flexibility.

Among the top strategies of Leaders are improving visibility into project data and improving deployment of resources across multiple projects. This illustrates that Leaders are seeking a centralized source of information related to ongoing and potential projects. With added visibility into project data and resources, these organizations can manage the whole project portfolio holistically as well as ensure that projects are completed as intended.

Further, Leaders make flexibility and agility an essential part of project and portfolio management. As projects progress, changes are inevitable. There are an infinite number of risk factors that can affect project completion, from weather conditions, to varying costs, to unreliable machinery, to changing management priorities. Leaders understand that these events must be anticipated, and that they must be able to adapt to project interruptions or setbacks to ensure that projects are completed on time and under budget.

Improve Project Selection and Execution

In their quest to select the most beneficial transformative projects, travel and transportation organizations must ensure that projects align with their strategies, that budgets and resources are available, and that the projects will be successful. These organizations can then prioritize the most important projects. This task is very difficult without the access to improved visibility that Leaders have made a top strategy. To that point, Leaders have implemented capabilities that allow them to make intelligent portfolio decisions (Figure 2).

Intelligent portfolio decisions start with weighing all available options and determining potential outcomes. Leaders are 50% more likely to have the ability to perform “what if” scenarios. Decision makers can then better understand how factors such as costs, available resources, and timelines, among other factors, will affect a potential project. This capability is aided by business analytics technology, which helps to aggregate, calculate, and visualize predictive information to factor into portfolio decisions. There are essential components that must be factored into these decisions, such as available capital and ROI. For example, failure to repair the superstructure (e.g., ballast or tracks), can lead to catastrophic events. This can lead to damaged assets, negative public perception, health and safety risks, and worse. The benefit of a PPM tool with business analytics is that new metrics can be considered in project selection and execution.

In this report, travel and transportation organizations were ranked on the following criteria:

Projects delivered on time or early:

▶ Leaders: 90%

▶ Followers: 65%

Projects delivered within budget:

▶ Leaders: 90%

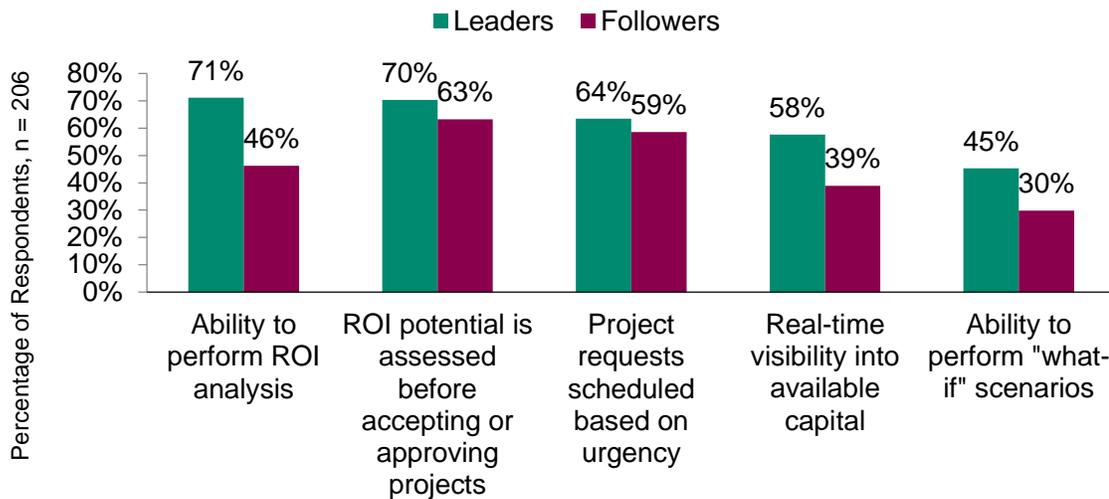
▶ Followers: 69%

Average profit margin on projects:

▶ Leaders: 21%

▶ Followers: 6%

Figure 2: An Intelligent Approach to Managing Portfolios and Selecting Projects



Source: Aberdeen, April 2018

A portfolio can be better optimized with the information provided by a business analytics-enabled PPM. The organization can more effectively create an organization-wide, fully integrated plan for business transformation. For example, Leaders are 8% more likely to be able to schedule their project requests based on urgency. This would not be possible without an intelligent approach to portfolio optimization.

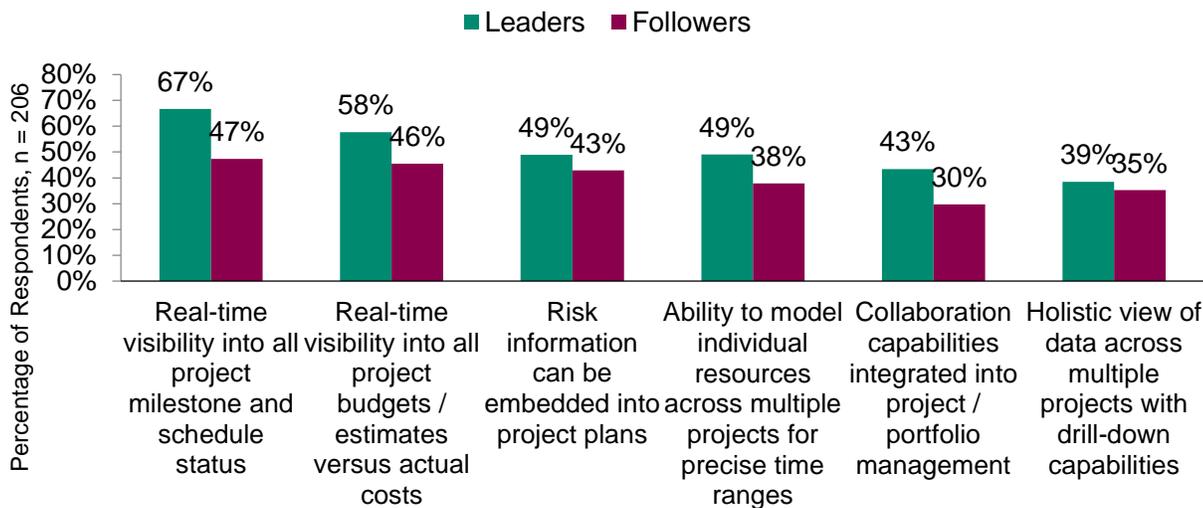
Project Design and Planning

It is important to note that the success of transformative projects is not guaranteed, even if a project portfolio has been optimized using the best possible practices. There is still the important matter of resource allocation, project design, and project execution. For top performers, a centralized project information resource is the foundation of project management (Figure 3).

Since top-performing travel and transportation organizations already have a holistic view across all projects, it makes sense that drilling down from this information creates a central data source for project managers to use as they guide their projects towards completion. Using a holistic view of all information, 49% of Leaders can model individual resources across multiple projects to ensure they have access to the appropriate skillsets to complete the project. They can also use risk information to plan for potential problems — and contingency plans are essential to enable agility in project execution.

64% of Leaders have standardized project management best practices across the enterprise.

Figure 3: Designing and Executing Projects



Source: Aberdeen, April 2018

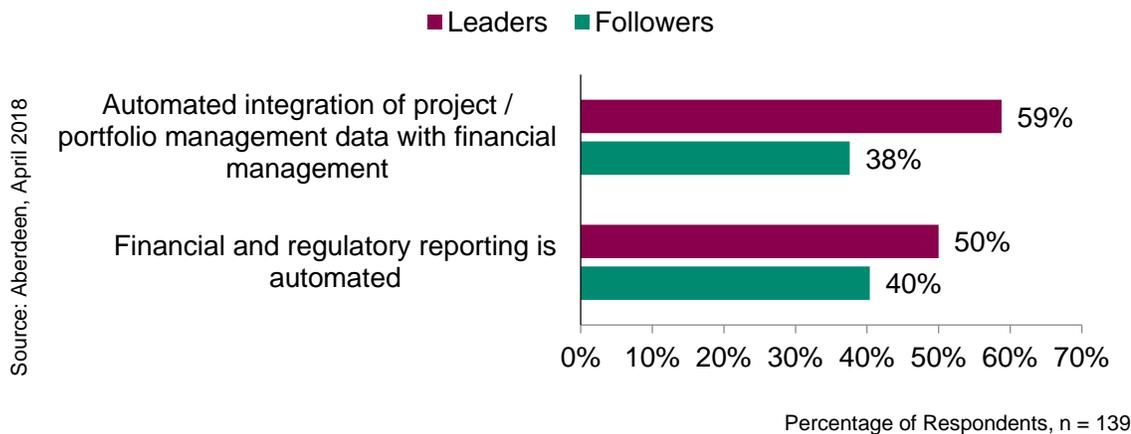
But agility is impossible without understanding current project statuses. Therefore, the project team needs ongoing insight into project timelines, budgets, and performance. Leaders are 42% more likely to have real-time visibility into all project milestones and schedule statuses. They are also 26% more likely to have real-time visibility into all budget and cost information. This is essential to ensure projects stay within scope and that adverse events are mitigated through improved agility. This is only part of the picture; a fully integrated view of all project information provides the foundation for automation and collaboration.

Automated Reporting for Project Portfolio Management

The last step of effective project and portfolio management is reporting. With real-time access and reporting of financial data, decision makers can keep an eye on budget variances, measure ROI, and automate reporting to regulatory bodies (an essential process for heavily regulated industries). Therefore, it is essential that project portfolio data is integrated effectively with financial systems. For this reason, Leaders are more likely to automate project reporting (Figure 4).

67% of Leaders have all project information stored in a centralized repository, in comparison to only 56% of Followers.

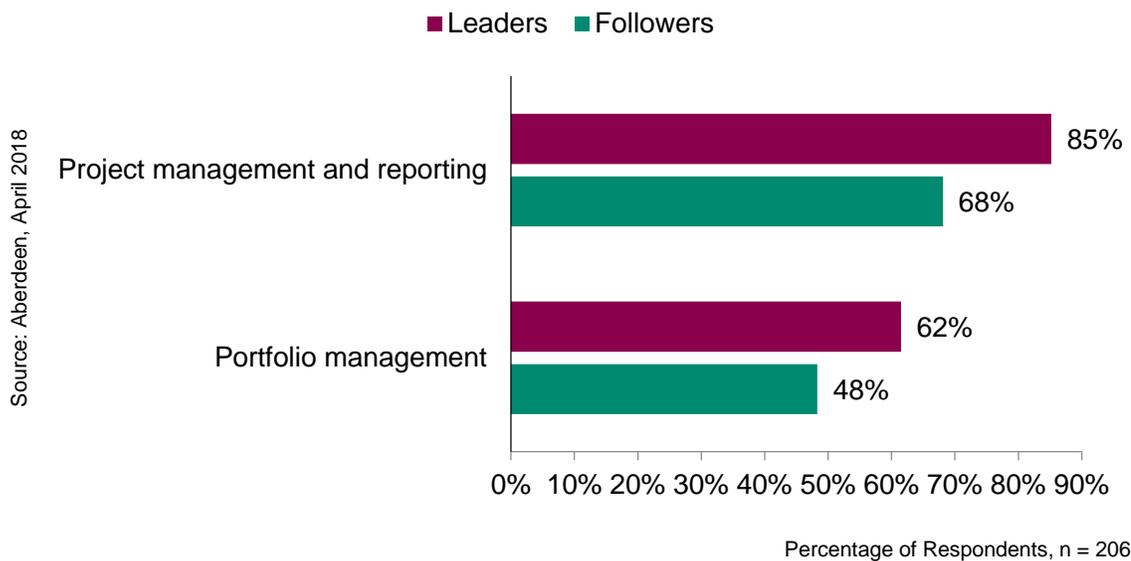
Figure 4: Automated Reporting



Essentials of Project Management and Portfolio Management

Where are Leaders obtaining these capabilities? Many capabilities related to selecting and managing transformative projects result from changes to organizational structure and process standards. But, ultimately, travel and transportation organizations can best improve project and portfolio management by relying on software dedicated to improving these capabilities. Leaders are more likely to have implemented both project management and portfolio management tools (Figure 5).

Figure 5: Adoption rates of Project and Portfolio Management Tools



Project management tools are intended to help organizations complete individual projects on-time and under budget. They can help to provide

templates for project plans and budgets, as well as improve visibility into all project data to create a single source of decision making through project completion and reporting. These tools can include time and expense tracking, change management, and workflow automation. Portfolio management is a technology that has come into favor more recently. Now, organizations prefer to take a holistic view across all of the projects in progress. Portfolio management technology is designed to help organizations select projects, manage resources effectively, execute projects, and provide more robust reporting. When it comes to transformative projects, PPM tools help to support growth through better formulation, alignment, and execution of corporate initiatives using the capabilities noted above.

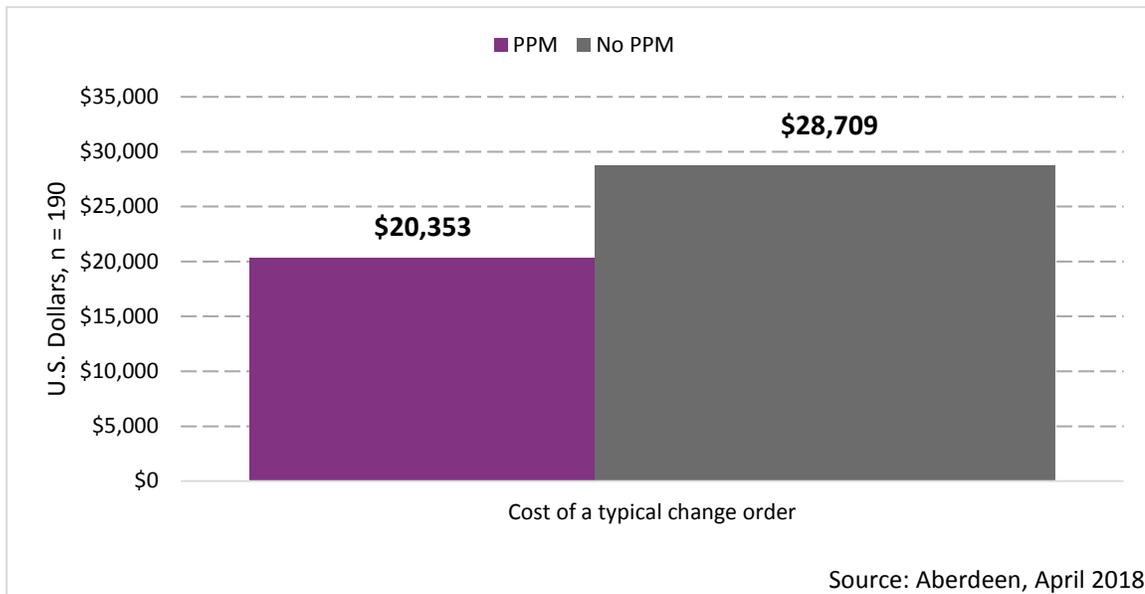
The Benefits of PPM Adoption

PPM tools can provide a significant advantage for travel and transportation organizations managing portfolios of transformative projects. In fact, these tools help to ensure that the full, intended ROI of these projects is reached. Organizations with PPM tools note impressive performance in a variety of metrics, including the percentage of projects delivered within budget, project profitability, utilization rate, productivity, and time-to-decision (see sidebar). Of course, many organizations want to see quantifiable cost benefits when selecting a solution; Due to the improved visibility, automation, and visibility that PPM solutions provide, travel and transportation organizations spend 29% less on a typical change order. Combined, these benefits make a compelling case for implementing a PPM solution.

Travel and transportation organizations with PPM report excellent performance in a variety of metrics:

- ▶ Percentage of projects delivered within budget: 77%
- ▶ Improvement in project ROI over the past year: 9%
- ▶ Improvement in productivity over the past year: 8%
- ▶ Utilization rate: 76%
- ▶ Improvement in time-to-decision over the past year: 5%

Figure 6: PPM Influences Change Management





Key Takeaways and Recommendations

As travel and transportation organizations attempt to transform their businesses to operate more efficiently, the ability to select the most important projects and deliver them to meet intended ROI becomes critical. These organizations have many moving parts and taking this holistic and intelligent approach can be extremely daunting without access to the essential tools and the proper strategies. To ensure that your organization gets the most out of transformative initiatives, consider the following recommendations:

- ▶ **Take an analytical approach to PPM.** Leaders are over twice as likely to have business analytics tools. Business analytics can help business leaders gather, visualize, and analyze essential data for decision making. It is a foundation for adding intelligence to the following recommendations.
- ▶ **Assess and prioritize projects in the portfolio with transformative potential.** Determine which projects will bring the most potential benefit to the organization. Consider costs, timelines, availability of resources, and importance. Leaders are 54% more likely to be able to analyze potential ROI.
- ▶ **Intelligently allocate resources and materials.** Without the right resources, a project will not be successful. Top-performing travel and transportation organizations are able to look across the project portfolio to ensure that the correct skillsets and materials are available.
- ▶ **Standardize and automate processes and project management.** Top performers rely on their technology to automate project management. They create standard project management best practices, provide project templates, and encourage collaboration. This is the best way to ensure that projects are completed without a hitch.
- ▶ **Integrate data to improve reporting.** Reporting on an ongoing basis helps project managers understand when costs are exceeding budgets so that they can restrict spending. Additionally, many transportation and travel organizations are subject to regulatory mandates. By integrating PPM and financial systems, a capability that 59% of Leaders have, top performers can avoid unwanted scrutiny.



Related Research

Building a Risk-averse Foundation for Construction Projects,
November 2016

Cloud Project Management: Connecting Teams for Improved Project ROI,
September 2016

*Project Portfolio Management is not just for it: Pervasive PPM can Drive
Transformation in Your Financial Services Firm,* November 2015

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