WHITE PAPER

Better Business Outcomes Through Modern Project Management

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IN THIS WHITE PAPER

This IDC white paper discusses the impact of digitization on project portfolio management (PPM) at the enterprise level and the changing role of the project manager both as the discipline for managing and executing operational initiatives and as the primary role for delivering strategic change. It also examines the strategic role of project management in the modern, digital enterprise; the requirements for integrating project management across enterprise projects in business, operations, and IT functions; and the requirements for the next generation of project automation that incorporates collaboration, mobile, workflow, and analytic functions. Given the time, effort, and cost associated with deploying, adopting, and maintaining on-premises PPM solutions, which may delay or block user acceptance for a variety of reasons, this white paper discusses the benefits of SaaS-based PPM solutions that reduce, if not eliminate, the need for new IT, staff, and expensive funding for upgrades.

EXECUTIVE SUMMARY

Digitization is driving big change, requiring enterprise leaders to rethink their approaches to managing projects, including the tools they use to support projects throughout the enterprise. Organizations are simultaneously demanding greater project collaboration capabilities to deal with more challenging projects and improved project analytics to better manage risk. Today, cloud-based PPM services have emerged to improve the management of projects and their performance analysis with enhanced integration, collaboration, security, and data governance features.

Most business, operational, and strategic initiatives need to be managed in a more structured approach using PPM with tight linkages to financial accounting and human capital management (HCM) platforms. A disciplined and structured approach to PPM can yield significant benefits, including improved visibility into the details of specific project activities, optimized working capital across projects, a higher level of resource utilization and performance, and reliable data governance processes. At the same time, a structured approach can deliver additional PPM value to the enterprise, including:

- Project management dashboards that track project operation, financial, and resource performance and visualize budget to actual metrics and overall project performance status
- Indicators and alerts for key project risks and issues that require attention by any number of stakeholders, including financial teams, recruiters, project suppliers, and corporate oversight functions

- Staffing and resource management allocation performance metrics (staffing, skills, training, resource load balancing, etc.) that tie into HCM and enterprise resource planning (ERP) systems and provide management/executives with visibility into projects to ensure that utilization is maximized and bench time is minimized
- Embedded social collaborative/team collaboration tools such as enterprise social networks (ESNs) and file sync and share
- A single source of the truth with centralized project accounting, a standardized project financials and project execution business process, and monitoring to track performance and profitability

STRATEGIC IMPORTANCE OF PROJECT MANAGEMENT

Project management has been transformed into a strategic function as the pace of business and technological change facing today's modern enterprise accelerates and digital transformation and disruption change virtually every industry. 3rd Platform technologies and innovation accelerators are enabling new business models and ways of doing business, engaging with customers and fulfilling their needs, and operationalizing business processes.

Digital transformation itself is prompting line-of-business owners and corporate finance functions to adopt new methods of project delivery that bring with them elements of agile and iterative project execution methods as well as hybrid methods that mix the best of traditional project management methods with those offered by agile and iterative approaches.

Also, the degree of change brought about by digital enterprise strategies, the pace at which change is occurring, and the need to support and govern change through efficient PPM solutions are not exclusive to IT functions. The ability to effectively manage change and incent innovation through digital strategies is essential for successful business transformation. With the growth in adoption of 3rd Platform technologies and the industry innovation and disruption that result, nearly all corporate strategies must contain an increasingly significant digital component. Some argue that all corporate strategies are digital to address a broad set of business, social, workforce, and technology trends that surface with the acceleration of technological change. These trends include the disruption caused by external digital transformation factors, the role of technology and information as strategic business resources, and the evolution of the talent marketplace.

Taken collectively, these are the forces underpinning the need to modernize project management approaches and solutions, with a new generation of mature processes and capabilities that go well beyond the traditional toolset, which in many organizations is associated with cumbersome templates; slow, low-quality data; duplicative processes; and increasing bureaucracy.

Instead, the modern and highly successful PPM enterprise will have strong business leadership, sophisticated cloud services with ERP, HCM, common data stores and standardized business processes, and flexible end-user project management services that promote enterprise agility and collaboration, ensure project quality, and lead digital enterprise change.

MODERN PPM

Modern PPM as an enterprise function has a single goal — to translate change and activities brought about by the fundamental need to grow the business and manage costs. This is a culture shift for the enterprise, which has traditionally viewed project managers as simply taskmasters, moving projects and project silos from deadline to deadline and on to the ultimate finish line.

Today, the modern PPM function, including skills, organization, and tools, is a core element in the success of any financial business operation. For example, providing a chief financial officer (CFO) with visibility into and influence over global and local resources that align skills and experience levels with project delivery requirements can be a critical success factor of the modern project manager. Comprehensive activity planning — one that de-risks enterprise project activities for the CFO, measures and provides performance metrics against target, and mobilizes the right resources for the right tasks — is also critical to meeting or exceeding financial and operational goals.

PROJECT EXECUTION

Key to success in project execution is enabling business decisions that are insight driven. Or said another way, being able to provide the right information at the right time for reliable decision making using high-quality information is a mandatory requirement for project managers, particularly for those in increasingly mobile organizations responsible for multiple or even dozens of projects and resources across geographies. Meeting this requirement must produce immediate project insight to many levels of the organization in a user-centric, personalized design on any device, anywhere. For example:

- **For CFOs and other executives.** Providing proactive, forward-looking analytics on project performance and future trends that inform working cash decisions
- **For project managers and project management offices.** Discovering project conflicts, supply chain delays, key performance indicator (KPI) exceptions, and practical resolution paths for centrally managed, distributed, and self-monitoring projects
- **For accountants.** Performing financial analysis for forecasting budget to actual trends
- **For project team members.** Collaboratively planning, scheduling, and delivering projects with others across organizational functions, such as product development, field operations, human resources, customer services, and IT

The versatility to accommodate various project types is a foundational capability of PPM given the diverse set of needs of the modern enterprise. Enterprise project types for PPM typically fall into four categories:

- **Business operations.** Projects led by corporate functions to support day-to-day activities, such as service upgrades, client onboarding, supplier management, or facilities support of the enterprise or a specific line of business
- **Product development.** Projects led specifically by line-of-business or product departments, drawing on resources and budgets of an array of enterprise functions, from engineering to product marketing to customer service
- **Professional services.** Projects to manage outside specialty resources on contracts with the enterprise to augment internal capabilities and skill sets
- **Technology.** Projects, using Agile or Waterfall methods, run by the CIO or peers to maintain and improve the cloud, software, hardware, security, and services infrastructure of the enterprise

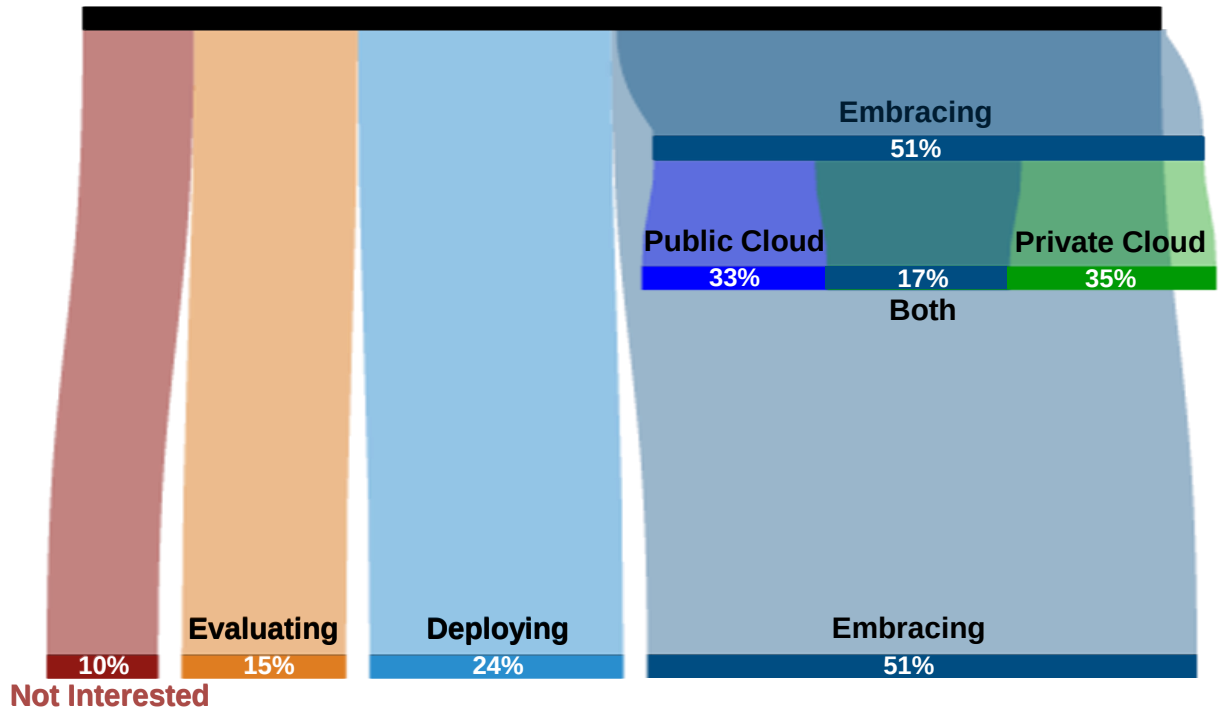
MODERN PPM TOOLS

When asked in 2015 how business leaders best describe their organization's current or near-term plans to use public or private cloud solutions to support production workloads and services, 75% of firms reported that they were either deploying cloud services or broadly embracing the use of cloud services (see Figure 1).

FIGURE 1

2015 Cloud Adoption Trends

Q. How would you best describe your organization's current or near-term plans to use public cloud or private cloud solutions to support production workloads and services?



n = 8,063 worldwide respondents

Source: IDC's *CloudView Survey,* preliminary data, January 2016

Top reasons cited for increased adoption include:

- Increased availability of traditional enterprise apps as cloud SaaS
- Expansion of developer tools (and communities) coming together in the cloud
- Ability to leverage cloud platforms to expand digital supply and distribution networks
- Growing availability of traditional datacenter offerings in the cloud
- Expansion of "data pipelines" in and out of enterprises, fueling innovation

Modern PPM tools are born in the cloud and delivered as cloud services. In a separate IDC survey of over 3,500 respondents, 16% of firms operate modern PPM solutions as SaaS today, with an additional 20% moving to the cloud within the next two years. The rise in the adoption of cloud PPM solutions has been driven in part by the costs of fractured approaches that debilitate an enterprise through distributed, nonstandardized, limited-function, and highly customized IT platforms that are difficult to govern in a reliable and efficient way.

The design goals for modern PPM tools are timely insight and collaboration, visualization that can be easily configured, strong security and effective governance models, and having architectures that permit straight-through data and business process integrations with ERP, HCM, and supply chain management (SCM) applications. To deliver on these design goals, modern PPM tools must provide:

- Single source of the truth for project management (resources, tasks, schedules) and project financial management (cost control, billing and revenue, budget, and forecasting)
- Intuitive, actionable insight in a one-stop platform for project managers (task management, time and labor), financial managers (project cost accounting, billing, budgets and forecasts), project team members (collaboration on tasks, deliverables, exception resolution), and personnel (resource utilizations, needs, recruitment)
- Security and governance through data protection, permissioned access control, and audit trails to secure the confidentiality and integrity of project activities
- Native mobility and social collaboration to support the modern employee through simple and intuitive tools accessible anywhere, anytime, and on any device for project participants to share tasks and project documents; for project managers to see and communicate project plans and statuses in motion; and for financial managers to stay on top of budgets and costs
- Seamless integrations for human capital management, project costing at activity and enterprise levels, financial reporting, and supply chain tracking

PRACTITIONER VIEWS: GUIDANCE FOR THE ENTERPRISE

Enterprise leaders and other stakeholders responsible for establishing a modern PPM platform from which to operate and grow advise their peers to consider the following business and technical strategies as best practices:

- Have a clear sense of business, financial, and operational requirements to help ensure PPM functional capabilities meet current demands and have a path to further growth.
- Establish enterprise leadership for PPM and a support structure that includes finance, human resources, project managers, and IT to evaluate vendor capabilities, understand integration and business process requirements, and set deployment strategies.
- Take necessary predeployment steps in project budget and accounting, project execution, resource allocation, and procurement to understand data, integration, project workflow, collaboration, and mobility needs to ensure successful execution. Leverage internal expertise where it exists and establish needed processes up front for deployment.
- Institute policies and monitoring mechanism for data and process governance, information security, and business continuity as part of the vendor selection process.
- Set up targeted and pragmatic training for all PPM stakeholders. Orient training activities to the unique skill sets and needs of end users.

- Establish a strong, vibrant enterprise relationship with the selected PPM provider to assist in resolving implementation and deployment issues that inevitably arise with new solutions. These will range from service-level issues to functionality questions and inconveniences.
- If necessary, involve an integration partner to help transition teams and coordinate support, release management, and triage vendor relationships. Be very judicious when choosing an integration partner, and look to the partner as a resource that can help facilitate process and organizational change that will be crucial to enterprise acceptance and adoption.
- Be ready to recognize value from modern PPM-as-a-service solutions. Define value as IT and operational simplicity, improved functionality, analytics, and new insights available for decision making. Measure and leverage this value across ERP, HCM, and SCM operations and functions.

CONCLUSION

IDC believes that digitization is driving change at scale in business, requiring enterprise leaders to consider significant improvements to the management tools they use to support change and operations across the digital enterprise. At the same time, organizations are simultaneously demanding greater project collaboration capabilities to deal with more challenging project activities, better workforce integration, and deeper analytics to improve their ability to manage project portfolio risk.

To be successful, organizations with project portfolio management needs should proactively evaluate cloud solutions as a central, utility component of their digital enterprise strategies for the financial and operational benefits they can provide. Modern solutions for PPM can provide benefits and value in multiple enterprise configurations: as a standalone, project execution platform; as a platform integrated with enterprise financials, procurement, human capital management, and budget and management SaaS solutions; or as a hybrid environment coexisting with on-premises ERP and analytic systems. IDC believes that modern PPM solutions built on the cloud will deliver benefits including quick on-ramp to adoption, lower initial deployment costs and maintenance, ease of access to new releases, and reduced IT complexity. This in turn allows CFOs and other enterprise PPM stakeholders to focus more attention on being experts in their business and less on being experts in technology.

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