

## FOR IMMEDIATE RELEASE

### Tough Economic Conditions Makes Reining in Project Budgets a Must

#### *Five Ways Project Portfolio Management (PPM) Helps Organizations Do More With Less*

**San Francisco, CA – June 2, 2008** – When economic conditions get tough, leaders look for ways to control costs and do more with less. One way is to rein in project budgets, and this effort usually starts by analyzing the project portfolio to understand answers to basic questions: What are the current projects? What projects can be trimmed or cut? How can we do more with less and better focus our resources and energies?

Many companies are finding that an effective way to evaluate the entire project portfolio and control costs is to use a Project Portfolio Management (PPM) solution. PPM solutions make it much easier to look at projects as an aggregate collection of expense buckets to determine where excess fat can be trimmed.

For example, with PPM, organizations can more easily determine which projects add the most value to the business, and find areas where they can eliminate duplication of projects and effort.

“In tough economic times, leaders need to streamline the project portfolio in order to get leaner while still maintaining their ability to produce value. But without an integrated PPM solution, the entire exercise of prioritizing the project portfolio can become uninformed guesswork,” says Keith Carlson, CEO of on-demand PPM vendor Innotas ([www.innotas.com](http://www.innotas.com)).

Moreover, with the emergence of web-based, software-as-a-service (SaaS) solutions, PPM is now available at a fraction of the price of installed solutions, which can cost hundreds of thousands of dollars. Instead of requiring commitment to costly and inefficient enterprise-wide site licenses, SaaS PPM solutions can be deployed on a subscription or per-seat basis, and users can be added or subtracted at any time. SaaS solutions are also faster to implement and carry a much lower risk burden than traditional enterprise software.

Says Carlson, “With SaaS, organizations no longer have to put off implementing a PPM solution due to cost. More important, because SaaS PPM solutions are implemented in days or weeks, organizations can begin analyzing the project portfolio and begin the process of cost containment and cost savings almost immediately.”

Whatever type of PPM solution an organization chooses – installed or SaaS -- here are five key steps to evaluating the project portfolio and analyzing which projects are the most valuable or which may be the best to cut or reduce in scope:

#### **1. Assess the overall project portfolio to find obvious places to cut costs:**

In cases in which PPM has not already been implemented, it is common for a project-driven organization to have many more active projects than leadership realizes. It is, in fact, not uncommon to underestimate the active project list by as much as 300%.

For example, Hamilton Beach Brands recently deployed an on-demand PPM solution from Innotas. “Before we implemented Innotas, we suspected that we had about 20 identified projects. Once we cataloged all our projects, we learned that there were more than 60. We were surprised by the size of the variance,” says Jerry Hodge, senior director for information services at Hamilton Beach Brands.

Hodge continues, “Innotas helped us quantify the demand for IS projects across our business units, better understand the status of the resources we have available, and then allowed us to more effectively work the business units to make sure IT was focused on the most critical projects and/or the projects that drive the most value to Hamilton Beach.”

## **2. Compare high-value projects to decide on the right combination to fund:**

Next, evaluate and rank which projects are the most valuable to the organization. With PPM, redundant projects can be consolidated, or projects that should never have been started in the first place can be eliminated. When there’s urgency to rein in costs, one starts by pruning the project catalog.

What’s important here is that the project team must demonstrate that it has control over its available resources. This is where PPM can become a huge asset because without PPM, “visibility” is typically a black hole for CIOs.

Hodge said, “We thought our infrastructure team was spending a third of its time on projects, a third of its time on break/fix incidents, and a third on other service requests. What we discovered is that instead they were spending over 50% on break/fix activities and not enough time advancing projects that were most important. As a result, we identified corrective action projects and realigned our project portfolio.”

## **3. Look for ways to allocate limited resources to the most important projects:**

Next, ensure high-value projects are properly covered and the delivery process is in place to ensure happy stakeholders. If not, then the leadership team may need to make additional (and albeit some tough) tradeoff decisions on where to make further cuts.

Once the portfolio has been streamlined, and the key stakeholders are able to agree on what’s in and what’s out, then the project leadership team can begin to reallocate available resources to get the best fit between the team and the work. This revaluation can also lead to new-found, vastly improved efficiencies and outputs.

## **4. Look for opportunities to merge projects and gain efficiencies:**

While this may seem self-explanatory, there are often surprising opportunities to combine projects into joint initiatives. Projects emerge from many different places, and it is not uncommon for different projects to share the same goals and objectives. Even if they don’t immediately appear to share goals, they may rely on quite similar fundamentals.

Questions to ask include: How do all these projects relate to each other? Has the company developed a consistent and holistic view of the overall project portfolio? Can these projects be combined into one integrated initiative?

Some effort may be required to convince stakeholders that a joint initiative represents an improvement; but stakeholders are generally receptive to any creative ideas that allow them to continue moving toward the original goals of the project they sponsored in the first place.

## **5. Monitor project performance closely to get better control of potential cost overruns:**

Finally, project performance can significantly impact company performance and profitability. In some projects, cost overruns can be disastrous. In a resource constrained environment, these overruns have a collateral damage effect that can ripple through the entire portfolio. With PPM in place as a centralized, visible management framework, these kinds of unforeseen meltdowns can be avoided much more easily.



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With a PPM solution, managers and teams gain a new level of visibility into status and progress. This visibility forms the foundation for improved execution in terms of the basics: scope, schedule, and financial performance.

Says Mykolas Rambus, IT executive at Forbes, “Portfolio management and project management are about delivering business value to the organization; IT departments need to run the project portfolio like any other division – like a business. By using Innotas we have the transparency into the project portfolio and can determine which projects are bringing the most value to the organization as a whole.”

Innotas recently released a white paper, “*Focus Under Pressure: Why Project Portfolio Management Becomes Mission-Critical in a Down Economy*,” which defines five key steps to evaluating the project portfolio with an eye for cutting costs and doing more with less.

<http://www.innotas.com/resources/whitepapers.html>

#### **About Innotas**

Innotas provides the only on-demand Project Portfolio Management (PPM) solution specifically designed to meet the needs of IT and IT Services organizations. With Innotas, managers and team members improve collaboration and can more effectively and efficiently manage IT initiatives, projects, and resources. For CIOs and executives, Innotas delivers deep visibility, automation, and analysis of the project portfolio, and resource planning and utilization. Our customers, including Crayola, Forbes, Hamilton Beach, Jo-Ann Stores, WorldVision and many others, span a wide range of industries including financial services, healthcare, retail, technology, telecommunications and energy. For more information please visit [www.innotas.com](http://www.innotas.com) or contact us at +1 415.814.7700.

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