

The IT Project Dilemma

How A Fresh Approach to Project Portfolio Management (PPM) Can Help Save IT

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Only 34 percent of IT projects are considered to be truly successful, according to the Standish Group. Project Portfolio Management (PPM), which came on the scene in the late 1990s to help IT projects become more successful, has not measured up to its promise to solve the problem. Without a suitable alternative to PPM, should we be resigned to IT mediocrity?

The good news is that there is an alternative. There is a fresh new class of PPM solutions that will solve this IT project dilemma by helping IT organizations better manage their projects and processes to success. But before we delve into these alternatives, let's take account of where we are today.

THE PPM PROMISE

It is well-known that IT has a poor track record of delivering IT projects on-time and on-budget. Statistics such as the one I mentioned above are littered across press and analyst reviews like road kill on the Interstate. Here are a couple additional statistics:

- Ninety percent of IT projects are over budget (Aberdeen)
- Half of IT projects fail to meet objectives (Gartner)

The key reasons projects fail are:

- Lack of alignment between IT projects and business objectives
- Improperly estimated IT projects
- Lack of standardization of project processes, and
- Poor visibility into project performance

In the late 1990s, software vendors introduced PPM as a category of software and services that would help us deal with (and hopefully cure) this problem of failed projects. Since then, PPM also has taken on other names, such as IT Governance (in the IT world), Enterprise Project Management, Enterprise Portfolio Management, and others. Luminary organizations such as Gartner state that PPM is a \$4 billion market, and say, "An enterprise-aligned framework that

One newly-hired CIO of a Fortune 500 company told me very candidly, "The organization I've just joined hasn't completed a project in four years." No wonder the previous guy was fired.

enables PPM processes with automated tools can improve allocation of IT investments and help ensure effective project delivery.”

As excitement built about PPM as a possible “killer app,” software vendors swooped in like vultures. In the late 1990s, offerings emerged that aimed squarely at the failed IT project debacle. Alas, these efforts were inadequate. The software that vendors cobbled together in a rush to capitalize on the PPM trend did absolutely nothing to reduce the number of project failures. The statistics have not improved and we’re no better off than we were in the 1980s. Here’s why.

ADDING COMPLEXITY TO THE COMPLEX

Fundamentally, PPM is a change initiative. PPM’s promise is to align projects with business objectives and then encourage everyone who works on these projects to collaborate well together to complete the projects successfully.

The problem is that PPM vendors and consultants have overcomplicated the solution. They have charged their customers exorbitant amounts of money for solutions that employees hate to use. I personally have been on both sides of the fence, as both a vendor and a customer of PPM solutions. I have seen IT organizations spend massive amounts of time reengineering project processes. I have seen vendors spend 6, 9, 12 months or more designing and implementing complicated software. I have seen consultants charge immense amounts of money (sometimes into the millions of dollars) to implement a single PPM project.

Why did software vendors and consultants make their PPM solutions so complicated? Simply put, this is built into their business model:

- Vendors develop feature-bloated products, and 70 percent of those features are never implemented
- The added costs of these unused features are passed on to the customer
- The implementation of these complex features drives up the cost of the product, and to a greater degree, drives up the cost of implementation and ongoing support

Because of these practices, PPM has lost its luster. The long — and therefore costly — implementation left a bad taste in the mouths of customers and customer end users. Customers paid way too much for the product and the implementation, and then struggled through a difficult implementation that distracted everyone from their day-to-day full-time jobs. Meanwhile, end users were expected to use this complex solution which, from their perspective, didn’t add value to what they were responsible for on a day-to-day basis.

Software vendors that sell installed software with a perpetual license operate with a “churn and burn” mentality. Their incentive is to sell their software, throw it over the wall, and then go on to the next customer. They have very little incentive for the customer to actually be successful in using their software.

As a result, there are hundreds of millions of dollars worth of software sitting on customers’ shelves doing absolutely nothing.

PPM IS ABOUT PEOPLE

In their pursuit of profits, these software vendors and consultants have failed to realize the most important truth of all: PPM is about people. It’s about helping people change their behavior around how projects are done, and about making their lives easier. Vendors and consultants haven’t made these people’s jobs or lives easier. Their customized software and over-engineered processes were designed with management in mind — not with end users in mind.

So what happened? The patient rejected the organ. End-users didn't adopt the new processes and technology. The rejection happened because the processes and technology made their jobs harder, not easier.

The parallels between PPM and Customer Relationship Management (CRM) are uncanny. Seven to 10 years ago, CEOs and SVPs of sales were courted by software vendors and consultants that offered pretty dashboards and promises of game-changing information at their fingertips. The problem was that the people who brought those dashboards to life were sales professionals. Yet because they were so complicated, sales professionals hated these systems and refused to use them. At the end of the day, no one got what they wanted, and millions of dollars just

vanished. This is why companies today such as Salesforce.com are so successful. They offer CRM solutions with the end user in mind.

THERE IS HOPE... ON DEMAND PPM

Like CRM, PPM isn't wrong in its concept. It's just been misguided. On Demand PPM is a new category of Software as a Service (SaaS) that has learned from the mistakes others have made in previous attempts at PPM. On-Demand PPM is fundamentally an easy-to-use, easy-to-implement and reasonably-priced solution that effectively helps IT organizations manage projects and improve their success rates. This is something that traditional PPM solutions have not been able to accomplish.

The differences between “Old-Style” PPM and On-Demand PPM are profound:

<u>“Old Style” PPM</u>	<u>On-Demand PPM</u>
<ul style="list-style-type: none">• The Vendor is incentivized to “feature bloat” the product so it demos well	<ul style="list-style-type: none">• The Vendor is incentivized to add value to the application and make it easy to use so the customer gets value. This helps ensure that the customer continues to subscribe
<ul style="list-style-type: none">• The customer is “locked in” to the vendor due to the massive up-front licensing fee	<ul style="list-style-type: none">• The customer is free to leave the vendor at any time because start-up costs are low
<ul style="list-style-type: none">• The customer relationship ends when the software is purchased	<ul style="list-style-type: none">• The customer relationship begins when the software subscription starts
<ul style="list-style-type: none">• The customer pays lots of money up front, a hefty yearly maintenance bill, and frequent upgrade costs	<ul style="list-style-type: none">• The customer pays a simple annual (or quarterly or monthly) subscription fee... everything's included
<ul style="list-style-type: none">• The vendor releases huge new “versions” each year requiring a massive technical upgrade and significant retraining	<ul style="list-style-type: none">• The vendor rolls out new features in “bite-sized” chunks. Customers get these new features automatically when they log in, rather than having to go through painful upgrades

A WELL-ARCHITECTED ON DEMAND PPM SOLUTION:

- Can be up and running in days or weeks, not months or years;
- Is built with executives AND team members in mind. This ensures that adoption happens rapidly;
- Is reasonably priced so that both large enterprises and mid-sized organizations can afford it;
- Comes with built-in best practices... so you don't need to pay extra money for external consultants to conduct best-practices studies;
- Provides all the same features and capabilities as software packages that cost four or five times more. Such features include request management, project/program management, resource management, financial/time management, and portfolio management.

One of the key advantages to On-Demand Project Portfolio Management is the amount of attention vendors pay to usability — features that make the application easy for end-users to use. This is critical to the success of On-Demand PPM vendors as their success is tied directly to the adoption of the PPM solution.

THE IT DILEMMA SOLVED

On-Demand PPM's structure and benefits allow customers to deploy an effective PPM solution in a more organized and cost-effective way than the PPM of old. With "old style" PPM, companies had to roll it out in a top-down, big bang fashion. This approach is highly disruptive and chaotic. Because On-Demand PPM is focused on the end user, it can be rolled out in an evolutionary, "keep it simple" approach. In fact, I recommend that IT departments start small and first deploy PPM at a division level, prove the viability of the concept and the tool, and then expand their implementation into other areas.

ABOUT INNOTAS

Innotas develops and provides the only on-demand Project Portfolio Management solution for IT organizations. With Innotas, IT organizations can:

- Capture all the demands facing IT
- Select the right mix of projects
- Manage resources, projects and applications more efficiently