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PPM Tool Selection: It Matters

Project and portfolio management or PPM software can make or break an organization's ability to deliver.

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The recent growth in portfolio management as a strategic business function has led to many vendors of software related to elements of project execution “bolting on” project and portfolio management (PPM) modules. This is a clear attempt to try and get a piece of a growing, lucrative market. Twenty-five years ago, PPM software was nothing more than project management software with the ability to publish or share information across projects. It was capable of doing a lot, but none of it was intuitive and therefore wasn't particularly useful. Compared to today's solutions, those products were dinosaurs. Since then, many vendors have invested a lot of money into their solutions, developing world-class offerings that can truly support effective management of the portfolio, and, more important, of the business that portfolio drives.

Those solutions still offer project management functionality, supplemented by investment management, world-class reporting through business intelligence (BI) integration and leading-edge collaboration and workflow, but they also offer so much more. They have been developed with customers in mind and in collaboration with those clients to deliver enterprise-level solutions designed to enable business success. They drive a competitive and strategic advantage by allowing their users to focus on innovation, on faster time to market, on more effective and efficient delivery. They combine that with world-class consulting and professional services that provide their clients with access to leading-edge thought leadership backed by a long track record of success. These platforms have elevated PPM software from merely being somewhat effective tools for managing IT driven initiatives to enterprise-wide solutions that put business needs first. They now recognize that project execution, financial tracking and cross-operations resource management are simply tools that enable business goals to be met, and they put those business goals first—delivering value and enabling innovation for the first time ever in the history of PPM.

However, there is another type of PPM solution emerging, and while it looks similar on the surface, scratch that surface and it lacks the substance to deliver value and enable success. Companies that have developed leading solutions in more tactically focused and operational areas of the business—many of which involve elements of project (but not portfolio) management—have started adding on PPM modules. The providers of these solutions are gaining customers based on a presence they already have with those customer organizations. They are the vendors of the financial system, or the IT ticket management system, or the Kanban board software. They suddenly announce that they have integrated a PPM module that offers all of the benefits of PPM for less cost because it leverages the presence they already have. Frequently these tool providers make the sale without an RFP or competitive analysis process based on that convenience and cost factor.

The implications of this decision are significant. It's more than simply value for money on a software purchase; the right solutions work alongside how leaders drive their business, facilitating their ability to:

- **Implement a strategic, top-down, solutions-first approach to portfolio delivery.** By leveraging platforms that are value-focused and put business needs and benefits realization first, they help align all areas of the portfolio on ensuring that it achieves the “why”—the business reasons for completing the work—not simply the “what” of project deliverables.
- **Develop a common, integrated approach across the entire enterprise.** Leaders recognize that all business investments must deliver results, and all must be aggressively managed to do that. An IT-based PPM solution bolted on to a ticket management system will ignore a corporate acquisition project until the takeover is complete and the systems need to be integrated. Leaders are much more concerned with the work leading up to the decision to acquire, and that's where an enterprise level PPM solution can excel.
- **Leverage the experience of other leaders.** Strategic PPM solutions have been in the market for many years, evolving and growing based on the feedback from their customers. This gives current buyers the confidence that the features available, the way those pieces work together and the ability to align with how businesses want to operate with the solution have all been optimized to deliver best practices, smooth adoption and minimal disruption. Try that with a tactical tool that promises nothing but months of customization.

The difference between the world-leading PPM solutions and the new, lightweight tools entering the market really comes down to this difference between a tactical and strategic approach to business.

Strategic vs. Tactical

A PPM solution should improve the ability to manage the investment budget for projects across the entire organization. It should allow for analysis of investment options and model different project mixes to drive better-quality project approval decisions. As Apprize360 noted recently, “PPM solutions have the potential to transform business execution and to provide executives, stakeholders, and project teams with new ways to collaborate and get work done more productively and effectively.”¹ That alone drives a significant improvement in the ability to achieve goals and objectives; if you choose the right projects at the outset, you are closer to delivering success. You don’t get that from a better view of historic costs. PPM should also facilitate improved decision making throughout execution—earlier identification of potential problems through fully integrated BI and intuitive workflows that minimize the overhead of using such a tool and optimize the ability to make changes and adjustments. It should make no distinction between transformational initiatives, business projects and IT work items; they all contribute to the ultimate success.

Organizations are generally good at delivering tactical work. Sure, there may be opportunities to improve information and visibility around those tactical areas, but that’s a marginal improvement rather than a major game-changer. When an IT service management tool bolts PPM functionality on top of that system, it offers a CIO some workflow to move tickets into projects, and it gives him or her a better grasp of the total cost of ownership of managing IT assets. That may well be information the CIO doesn’t have, so it has value, but is that all an organization should expect of its PPM solution? Would that win an RFP contest if it was the only advantage delivered? Most important of all, is that all the CEO expects the CIO to deliver? Of course not—and that’s where organizations need to think more strategically in making their tool selection.

PPM should support the ability to understand and assess what is going on in an organization’s projects through multiple views of the data based on individual needs—for example, accurate and complete financial information on actual and budgeted costs, but also most critically on forecast costs, the only cost element that can be controlled. Financial management is one of the most important elements of a PPM solution, because at the most fundamental level the portfolio is about investments—generating an optimized return on the limited dollars the organization has available. Solutions that put the project first fail to understand that projects are simply tools, important but replaceable, and secondary to the overall portfolio value delivery.

PPM solutions must offer the ability to view work in progress in any number of ways: by business area, by project, by team, by type, and to assess that work both now and in upcoming periods. That should be able to drive decision making that supports the strategic management of the organization, enabling better solutions for clients in less time and with more predictability. That is leading-edge functionality that doesn’t come from bolting a new set of features onto a peripherally related application.

However, leading PPM vendors recognize that even their significant product advantage isn’t enough on its own. They invest heavily in professional services support that is not just adept at understanding and configuring the product, but also at delivering strategic product and portfolio success. These services not only ensure clients are up and running with the minimum of disruption and with an implementation geared around the client’s needs, they also help educate the client on how to leverage the power of PPM to improve the organization’s top and bottom lines. Try getting that from a new PPM offering that is niche to the vendor’s core business. It takes project professionals with years of experience at the front line of solution and benefits delivery combined with a deep understanding of how to get the most from the power of a PPM solution. Bolt-on providers promise customization to attempt to meet those needs, but that’s not only a risk, it’s a potentially disastrous approach—very few companies want to be the first test vehicle for new features, especially when those features are custom to them and the vendor has no track record in the space.

Conclusion

It's up to every organization to decide which software solutions can best support its way of working, and that decision will be subject to any number of unique considerations. What is difficult to understand is why so many organizations invest huge amounts of time and energy in improving the quality of their portfolio management approach and then jeopardize that investment by choosing a software platform that cannot deliver effective portfolio management. This calls into question the commitment to, and understanding of, the concept of portfolio management within those organizations and is not a good sign for their ability to deliver consistent business value.

It is easy to understand the motivation for vendors of the bolt-on tools: They are looking for new revenue streams and to make it harder for customers to move to a competitor by embedding themselves deeper in a customer's operations. It is believable that they don't realize just how bad those solutions are for their customers; without the history of deep involvement with portfolio management, these tool vendors simply don't realize how far removed their offerings are from the world-class strategic offerings available in the marketplace. What is far harder to understand is why organizations agree to such purchases based solely on convenience and the vendor's existing presence in the organization. The executives in those organizations would laugh at the suggestion that one of their tech support analysts was qualified to lead their strategic portfolio, but they don't hesitate to commit to a PPM solution based on the vendor's ability to deliver an IT ticketing system.

About the Author

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1 Apprize360, LLC., "Five Factors to Consider When Selecting a Project Portfolio Management (PPM) Solution," 2016



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