Microsoft Project

Reduce Costs, Enhance Operational Efficiency and Drive Growth with PPM

Ben Chamberlain

Senior Product Manager
Microsoft Project
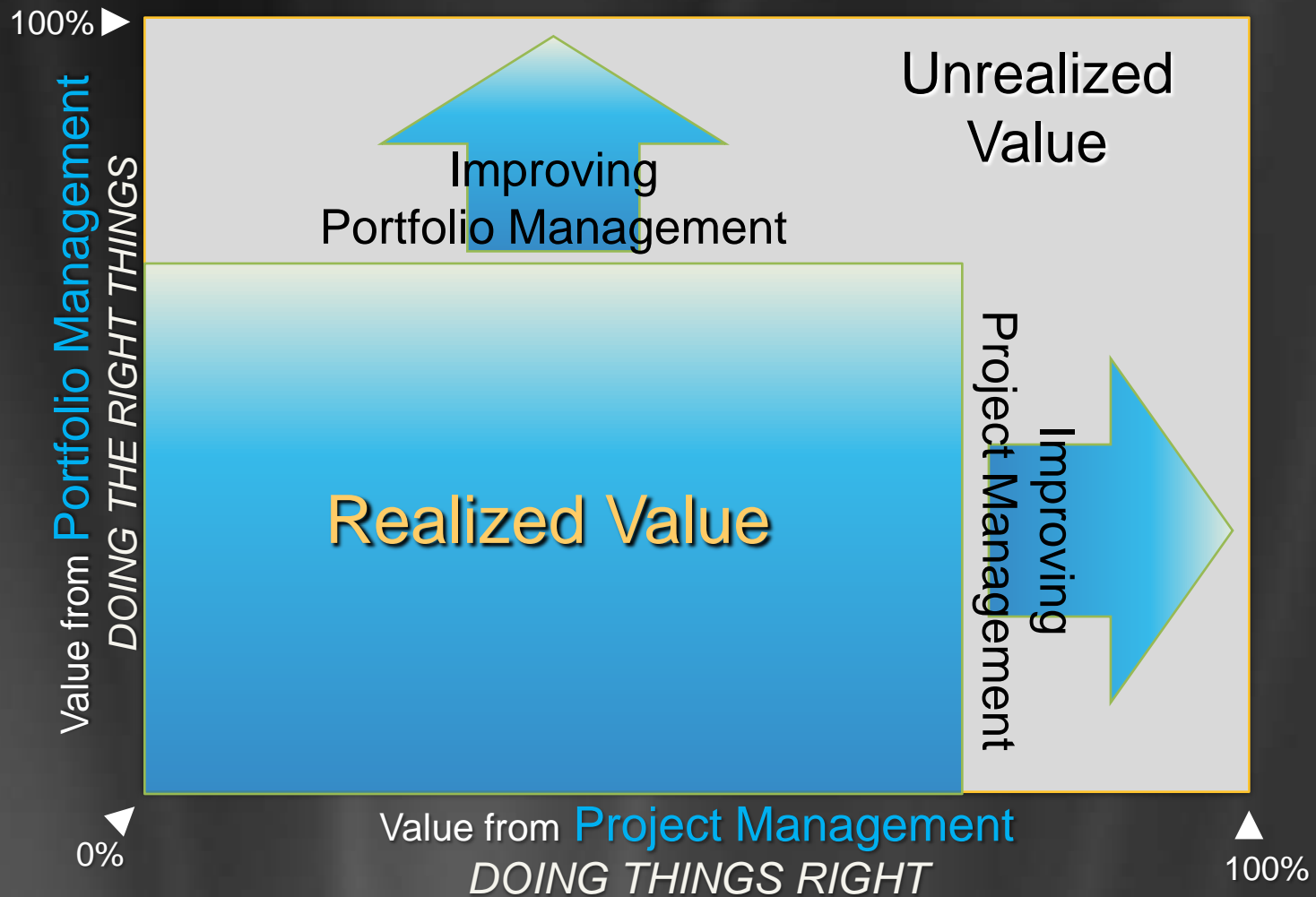bchamber@microsoft.com

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Agenda

- What is Project & Portfolio Management (PPM)
- ROI from PPM Processes & Tools
- How Can PPM Help Today
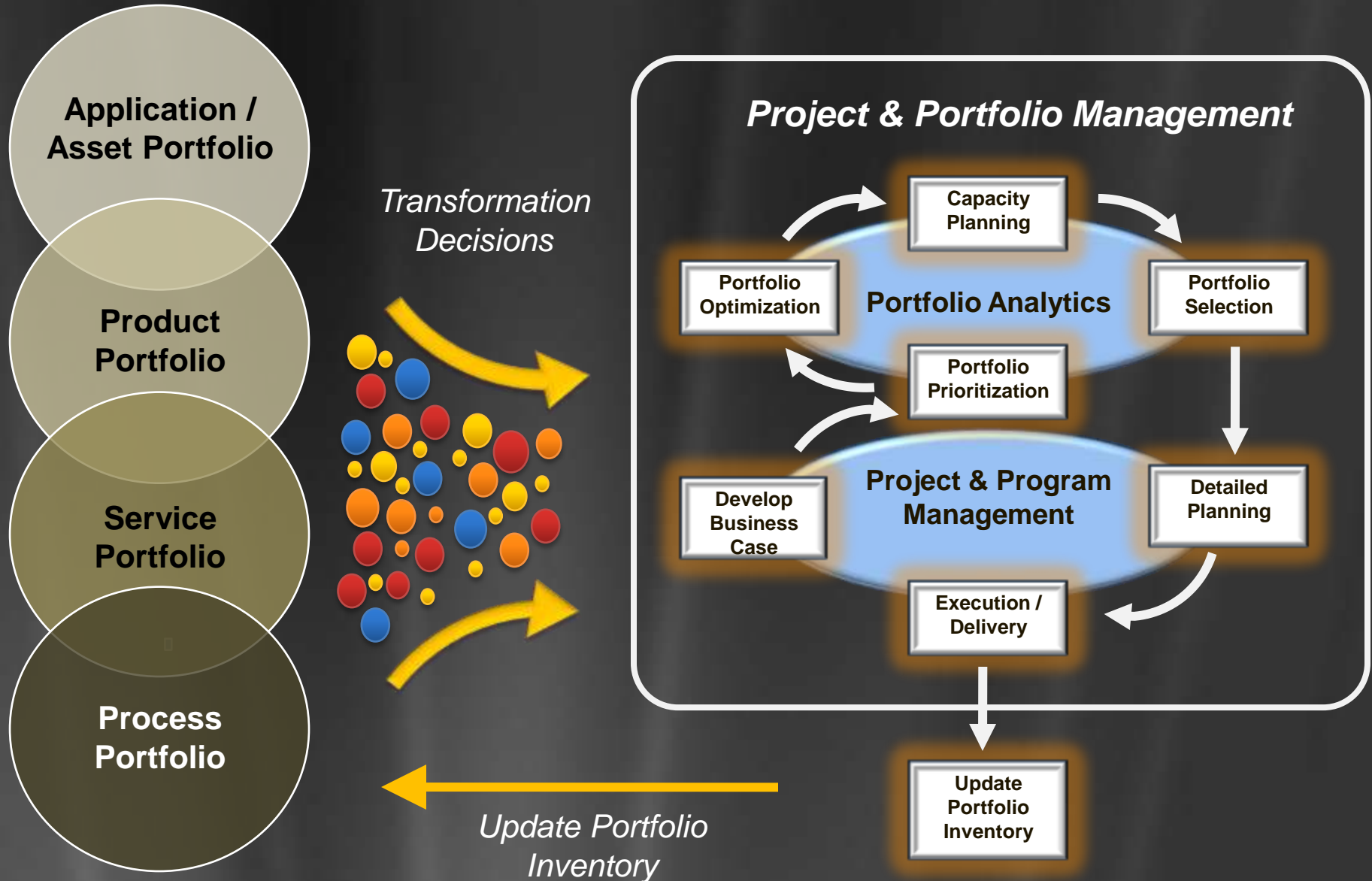 - Cost Savings & Efficiency
  - Drive Growth
- Q&A

Select And Deliver The Right Things
What is PPM?

It's More than Just Project Portfolios
Gain Visibility & Control Across all Investment Portfolios

Application / Asset Portfolio

Product Portfolio

Service Portfolio

Process Portfolio

Transformation Decisions

Update Portfolio Inventory

Project & Portfolio Management

Capacity Planning

Portfolio Optimization

Portfolio Analytics

Portfolio Selection

Portfolio Prioritization

Develop Business Case

Project & Program Management

Detailed Planning

Execution / Delivery

Update Portfolio Inventory

Why Invest in PPM
I am sure you have heard this 100 times

	Cost Reduction	Enhance Efficiency	Drive Growth
Alignment Enhance strategic alignment and drive ROI		✔	✔
Governance Improve accountability, time to market and project success rates	✔	✔	✔
Consolidate Capture and standardize all requests in a central repository and minimize waste	✔	✔	
Utilization Effectively utilize available resources and budgets	✔	✔	
Productivity Use familiar productivity tools to enhance team collaboration and improve execution	✔	✔	✔
Automation Automate activities that currently require human intervention (e.g. report generation etc.)	✔	✔	
Visibility Provide the right information at the right time (e.g. executive reporting)	✔	✔	
Control Identify, correct or eliminate failing projects	✔	✔	
Integration Seamless integration with LoB applications and adherence to enterprise architecture / standards	✔	✔	

Can PPM Help Organizations in a Recession?
Should I Fund PPM Initiatives in the Downturn?

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Tough Times Ahead

- Global Economic Crisis
- Markets Tumble
- Credit Crunch / Fiasco
- Consumer Confidence Shattered
- Widespread layoffs Across all Industries
- Will Stimulus Packages Work?

How can PPM Techniques Help?

- Improve Decision Making
- Maximize Resource Utilization
- Enhance Visibility & Control
- Drive Execution & Delivery
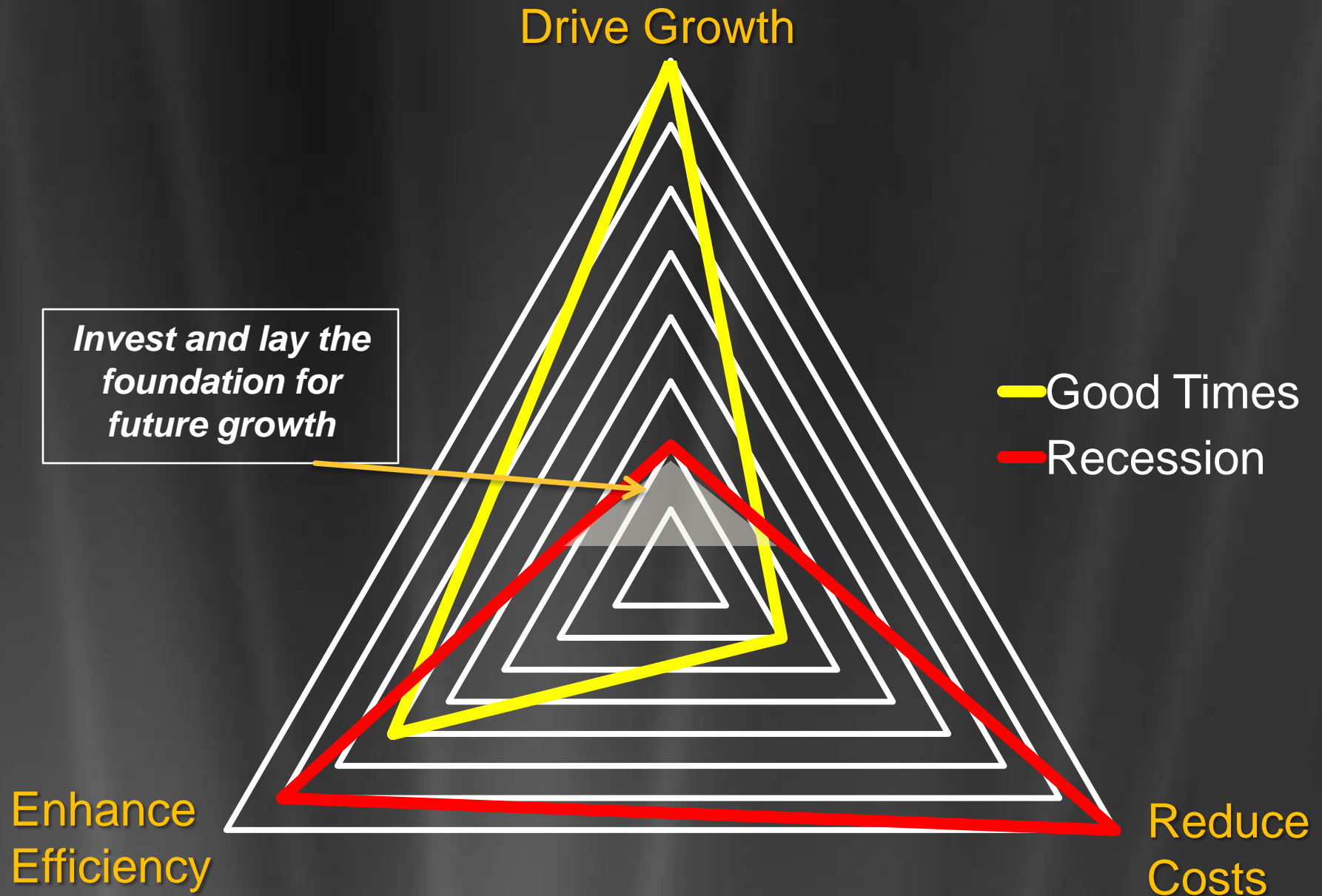
Strike The Right Balance in Varying Economies
Successful Companies will Lay the Foundation for Growth
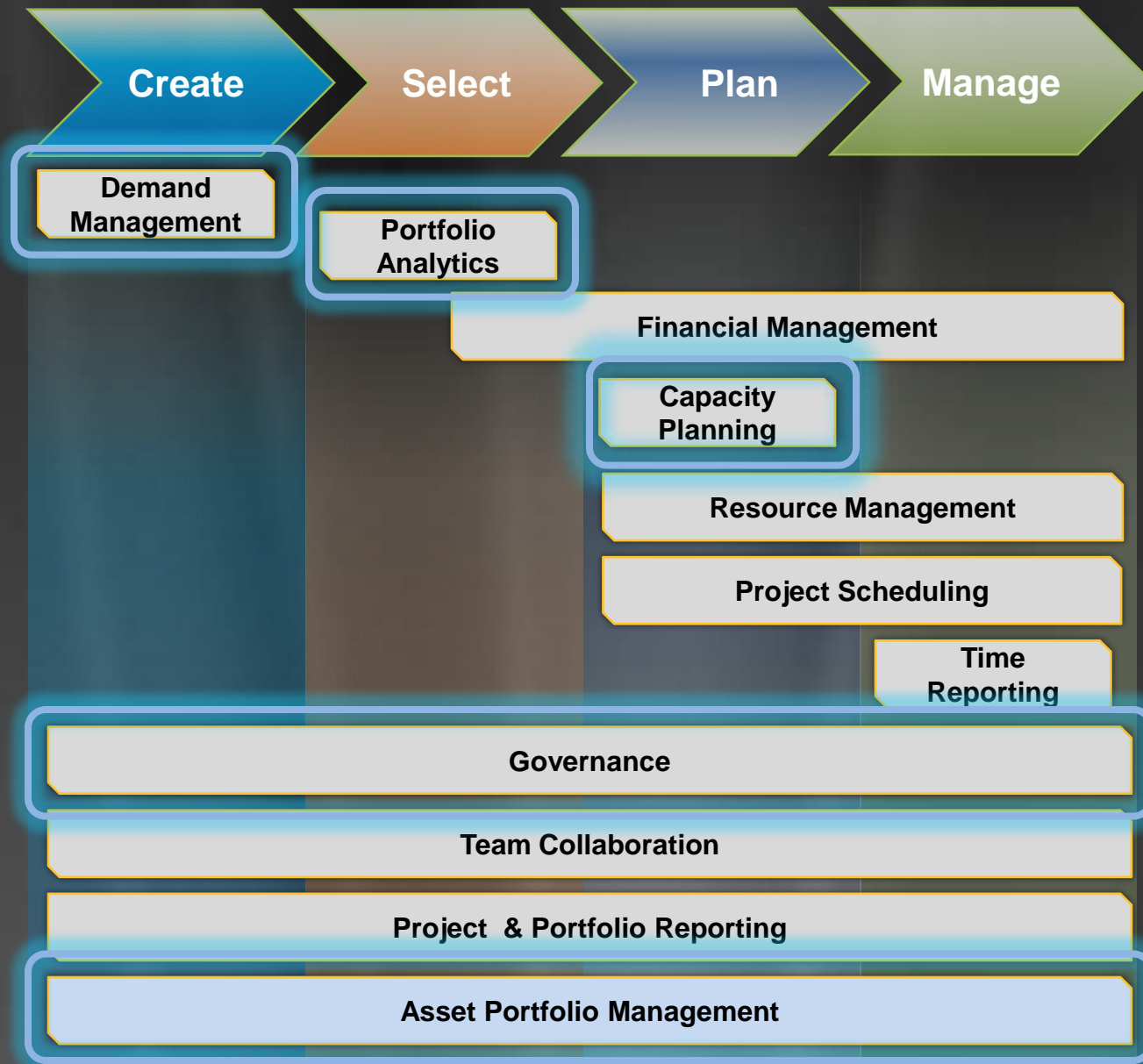
Drive Growth

Invest and lay the foundation for future growth

Good Times

Recession

Enhance Efficiency

Reduce Costs

Project & Portfolio Management Processes
Top Down Techniques Can Drive Results in the Downturn

Create → **Select** → **Plan** → **Manage**

- Demand Management
- Portfolio Analytics
- Financial Management
- Capacity Planning
- Resource Management
- Project Scheduling
- Time Reporting
- Governance
- Team Collaboration
- Project & Portfolio Reporting
- Asset Portfolio Management
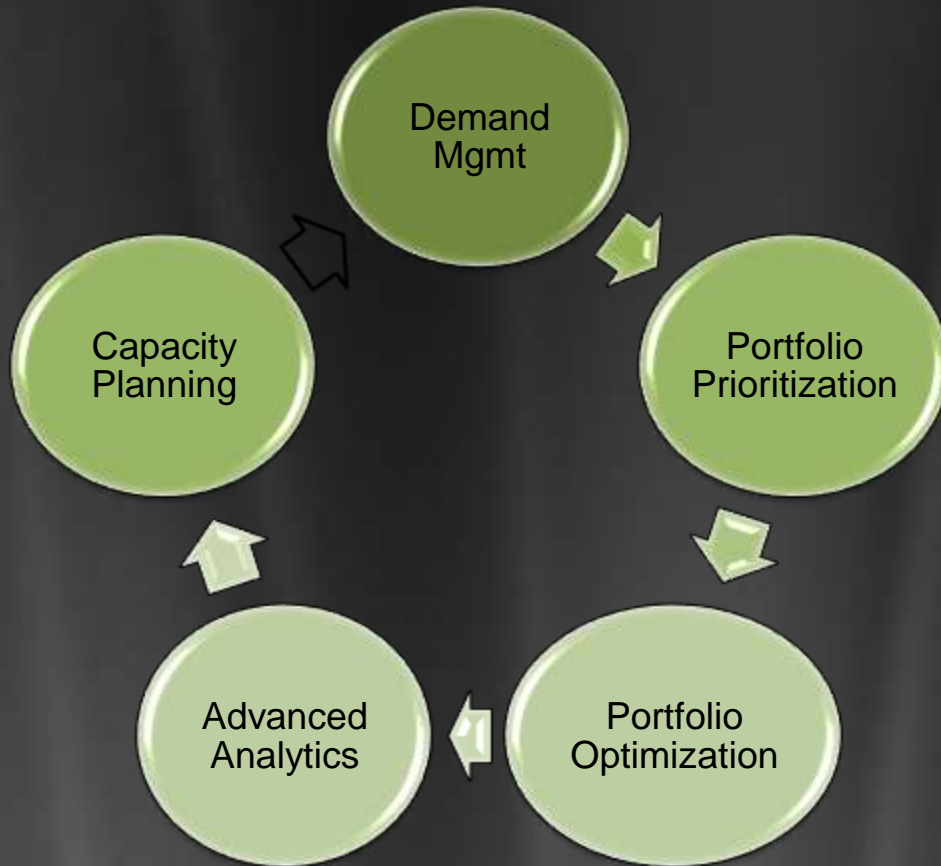
Savings & Efficiency

- **Portfolio Selection**
  - Demand Mgmt
  - Governance Workflow
  - Portfolio Analytics
  - Resource Utilization
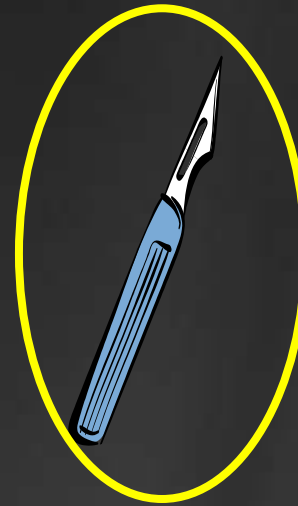- Application Portfolio Management

Drive Growth

- Strategic Planning
- Innovation Mgmt

Savings & Efficiency: Do More With Less
Portfolio Selection: Make Informed Decisions

Demand Mgmt

Capacity Planning

Portfolio Prioritization

Advanced Analytics

Portfolio Optimization

If asked to cut budgets by 60% would you use a scalpel or a hatchet?

Successful portfolio selection requires a handshake between **Value Optimization** *and* **Resource Utilization**

Savings & Efficiency: Demand Management
Governance Workflow & Business Case Development

Standardize the Collection of All Work Requests

Create → Select → Plan → Manage

Eliminate Duplicate Requests
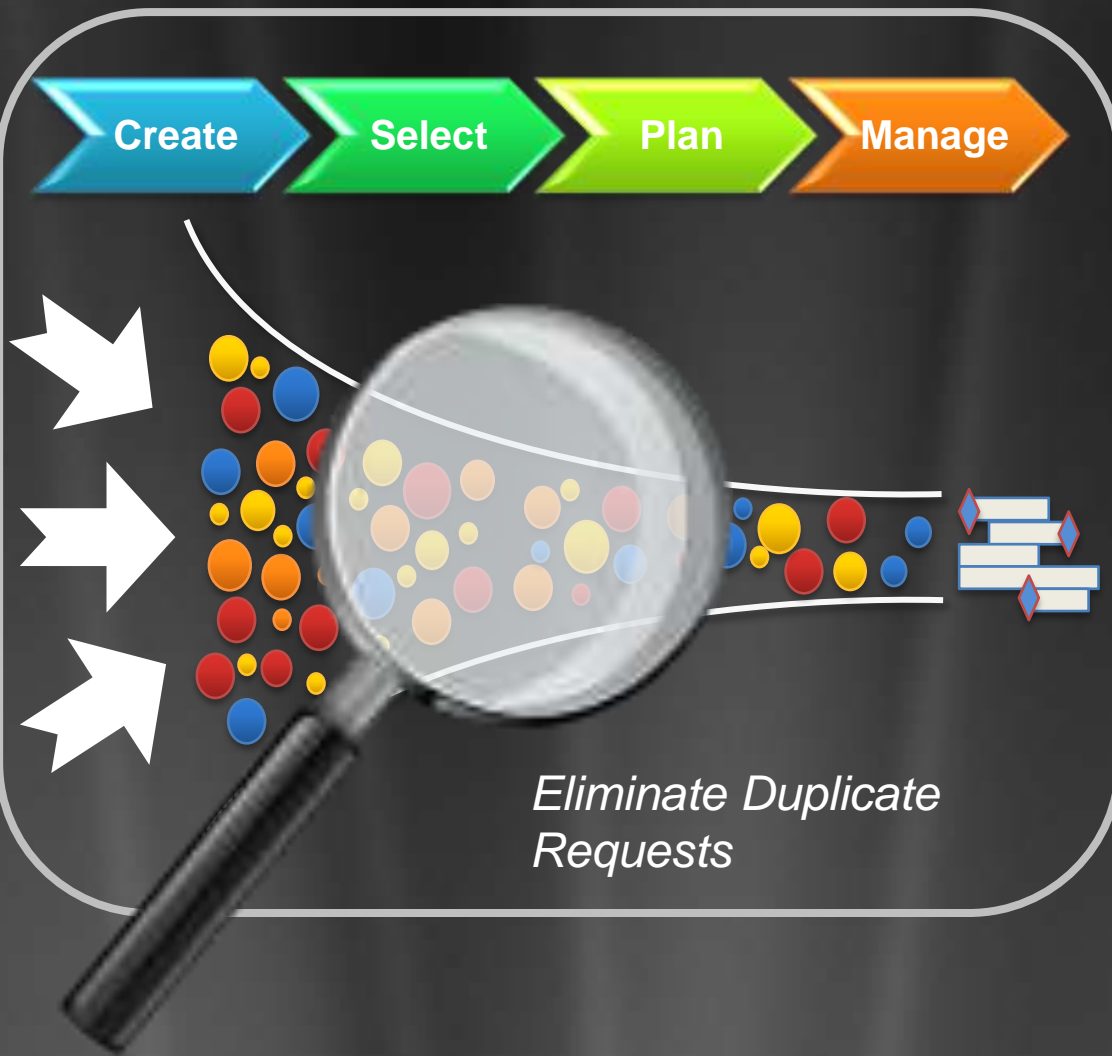
Governance Workflow

- Drive control & accountability
- Improve time to market with continuous refinement of processes
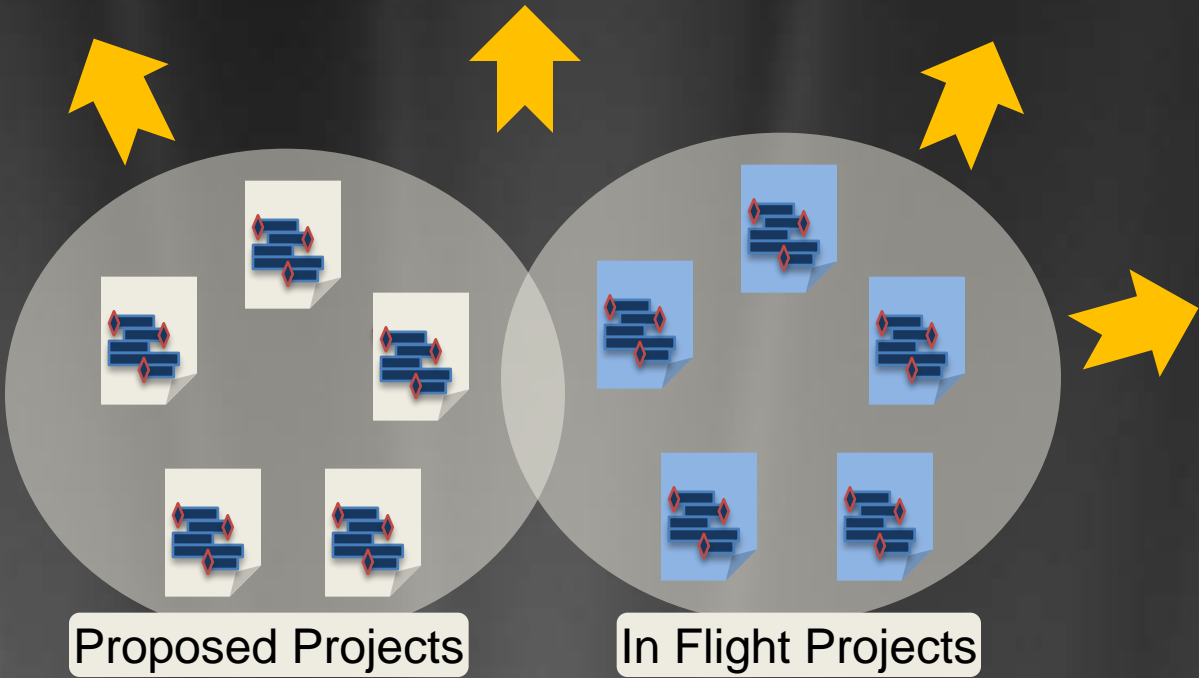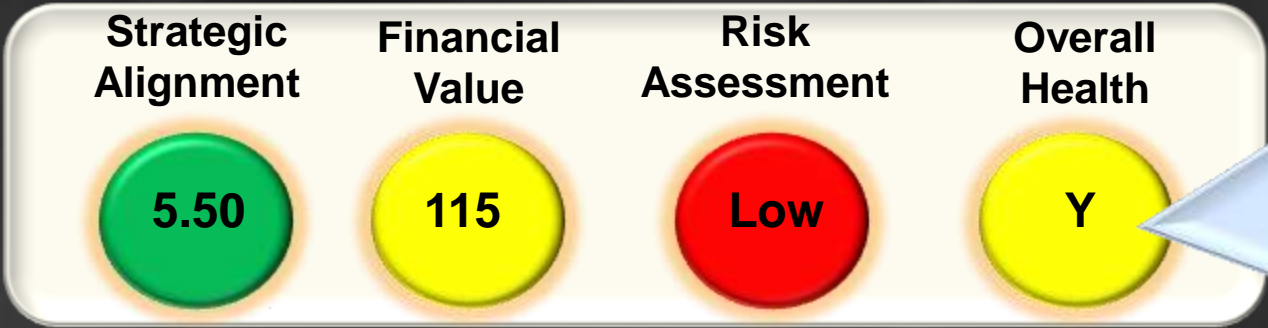- Embed and re-use best practice templates

Demand Management

- Visibility across all work requests / demand
- Standardize meta data for enterprise reporting
- Eliminate duplicate requests early in the process
- Improve estimating with empirical evidence

Savings & Efficiency: Portfolio Prioritization
Assess In-Flight & Pending Projects Alike

Project Scoreboard

Strategic Alignment	Financial Value	Risk Assessment	Overall Health
5.50	115	Low	Y

Cost
Y

Work
G

Schedule
Y

Quality
G

Scope
G

Proposed Projects

In Flight Projects

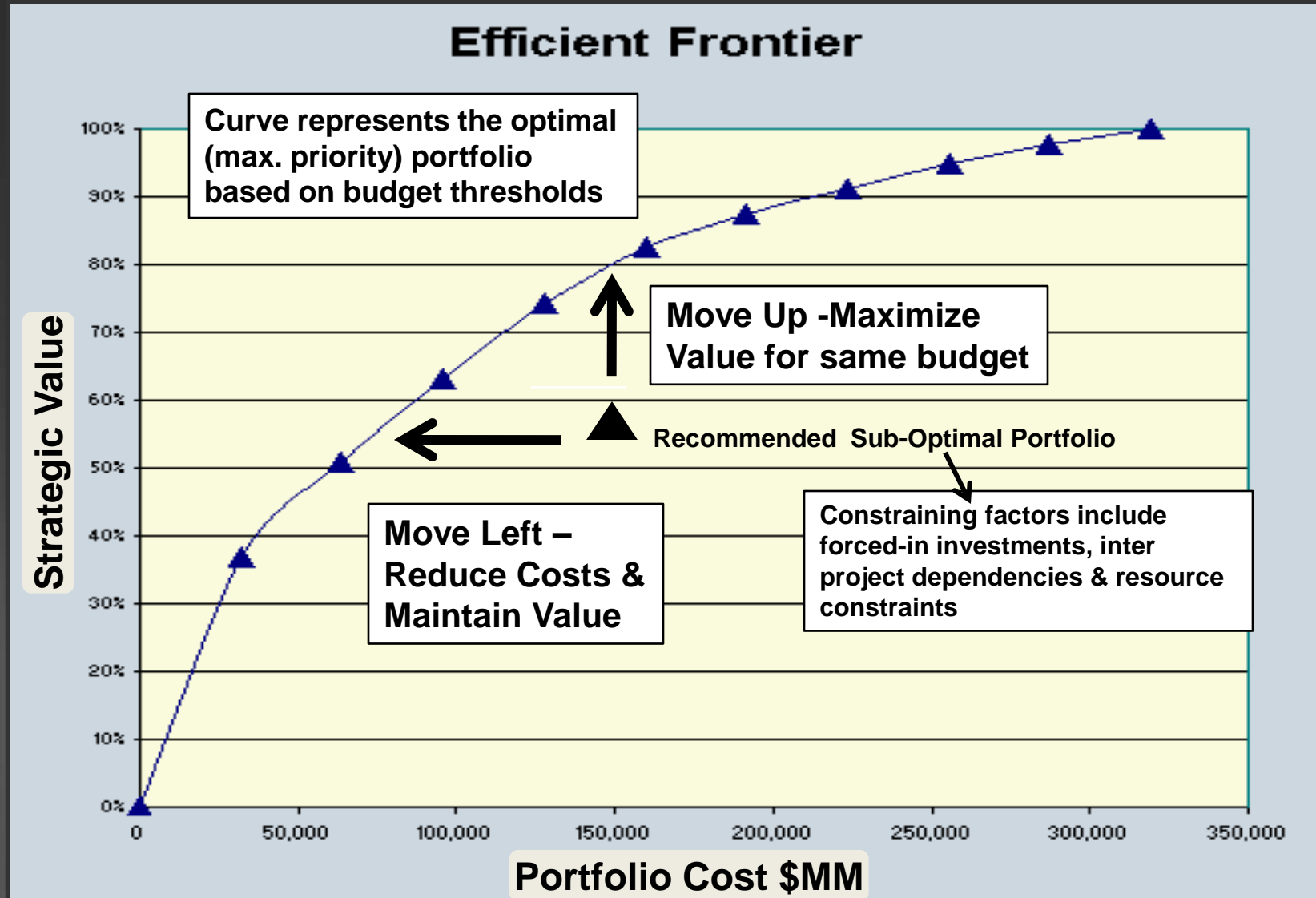# Savings & Efficiency: Portfolio Optimization
Rational vs. Emotional Approach to Investment Selection
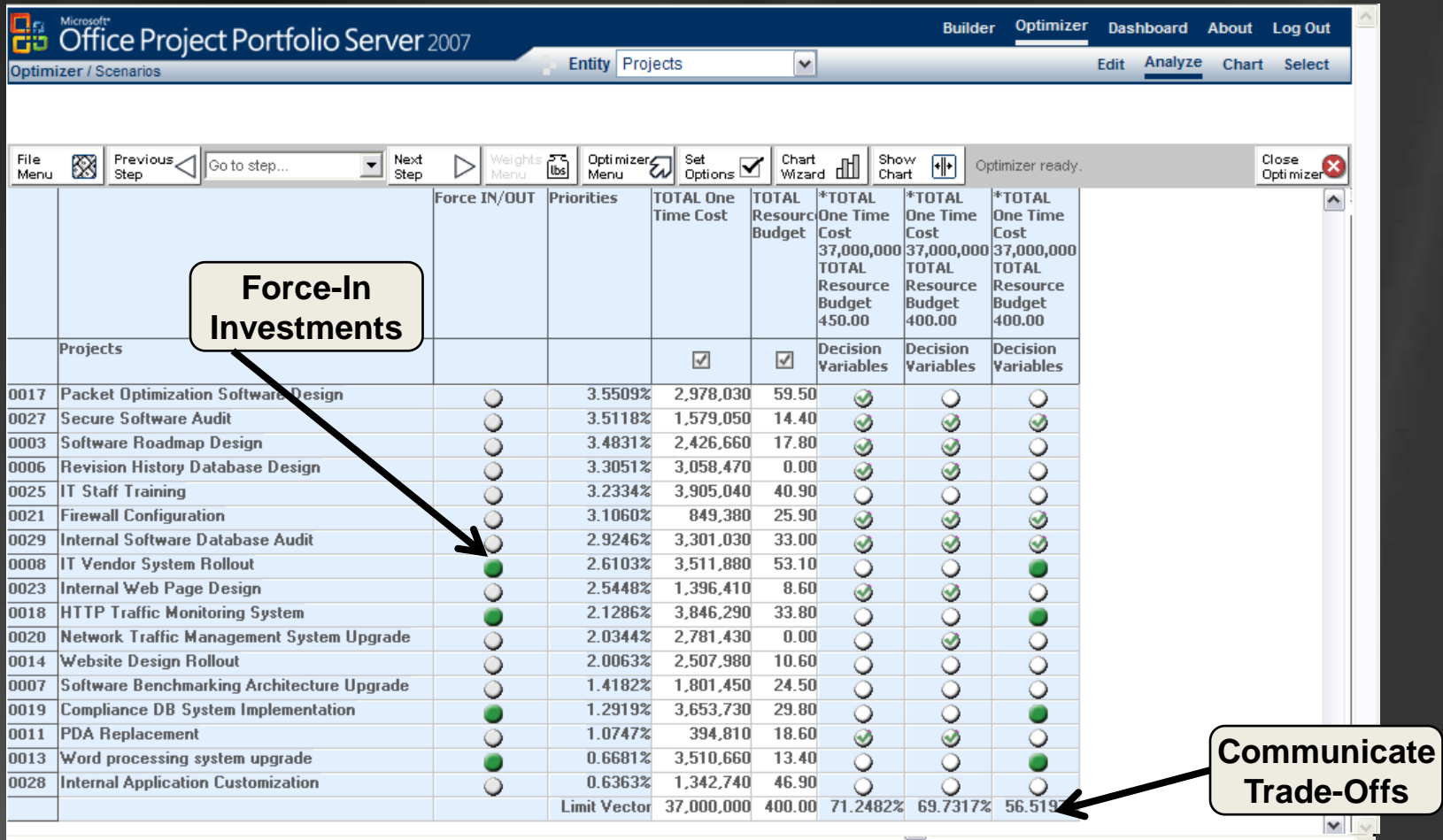
- Run analyses to identify the optimal project portfolio under varying budgetary constraints
- Force projects in or out and immediately understand and communicate the trade-offs

Savings & Efficiency: Advanced Analytics
Break Constraints & Reach the Efficient Frontier

Efficient Frontier

Curve represents the optimal (max. priority) portfolio based on budget thresholds

Move Up -Maximize Value for same budget

Recommended Sub-Optimal Portfolio

Move Left – Reduce Costs & Maintain Value

Constraining factors include forced-in investments, inter project dependencies & resource constraints

Strategic Value

Portfolio Cost $MM

Savings & Efficiency: Capacity Planning
Adjust Schedules to Maximize Utilization

Project Grid List – selected or filtered projects

Project Gantt – sliding bar showing start & end dates, duration of each project


Resource Grid – each resource's total hour assigned each month. Red highlights availability below zero

- Identify resource surpluses and deficits across the planning horizon

- Adjust project schedules to maximize resource utilization

- Finalize project release roadmap

- Model and optimize headcount decisions

Customer Results: Portfolio Selection
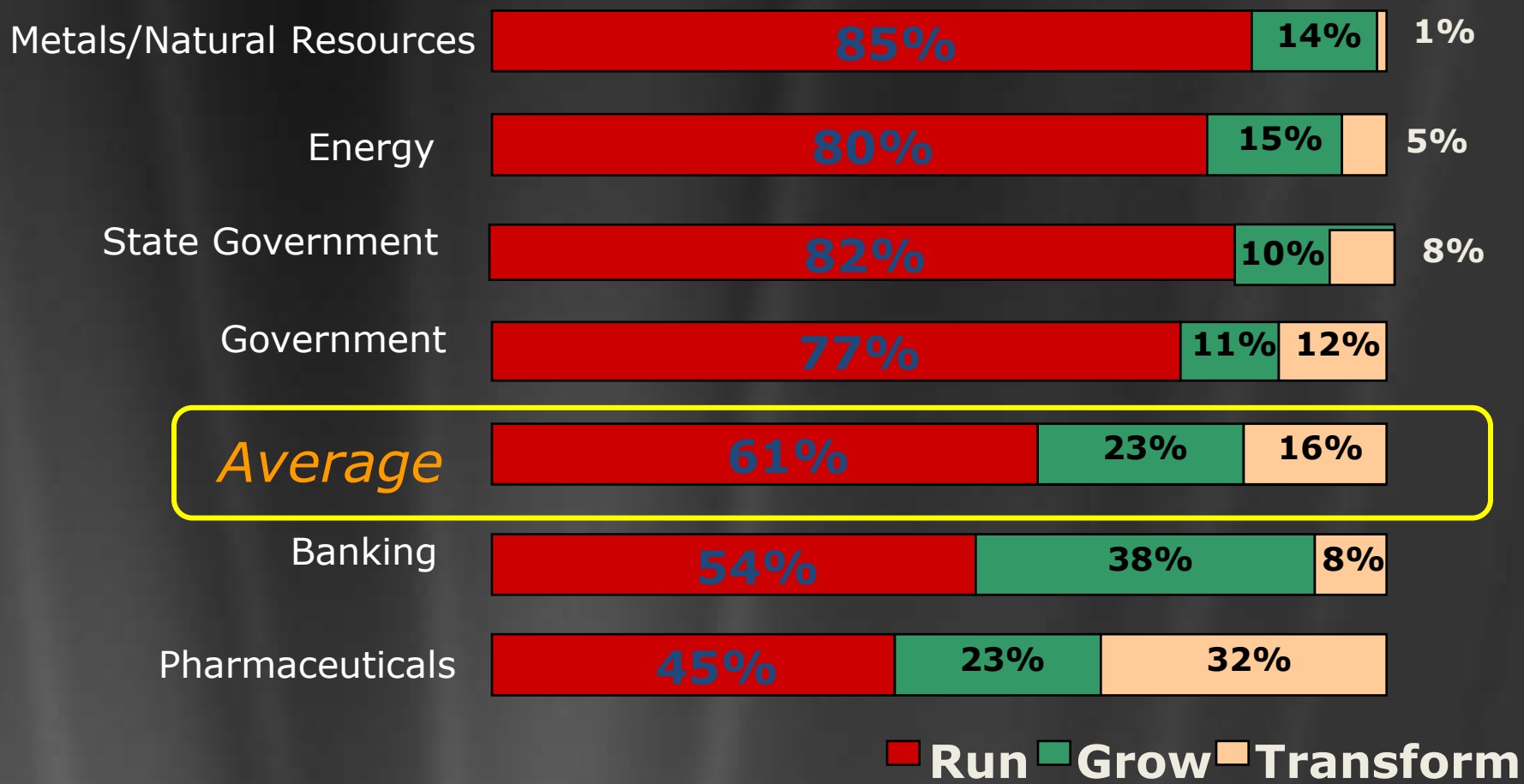## Improved Decision Making With Efficient Frontier Modeling
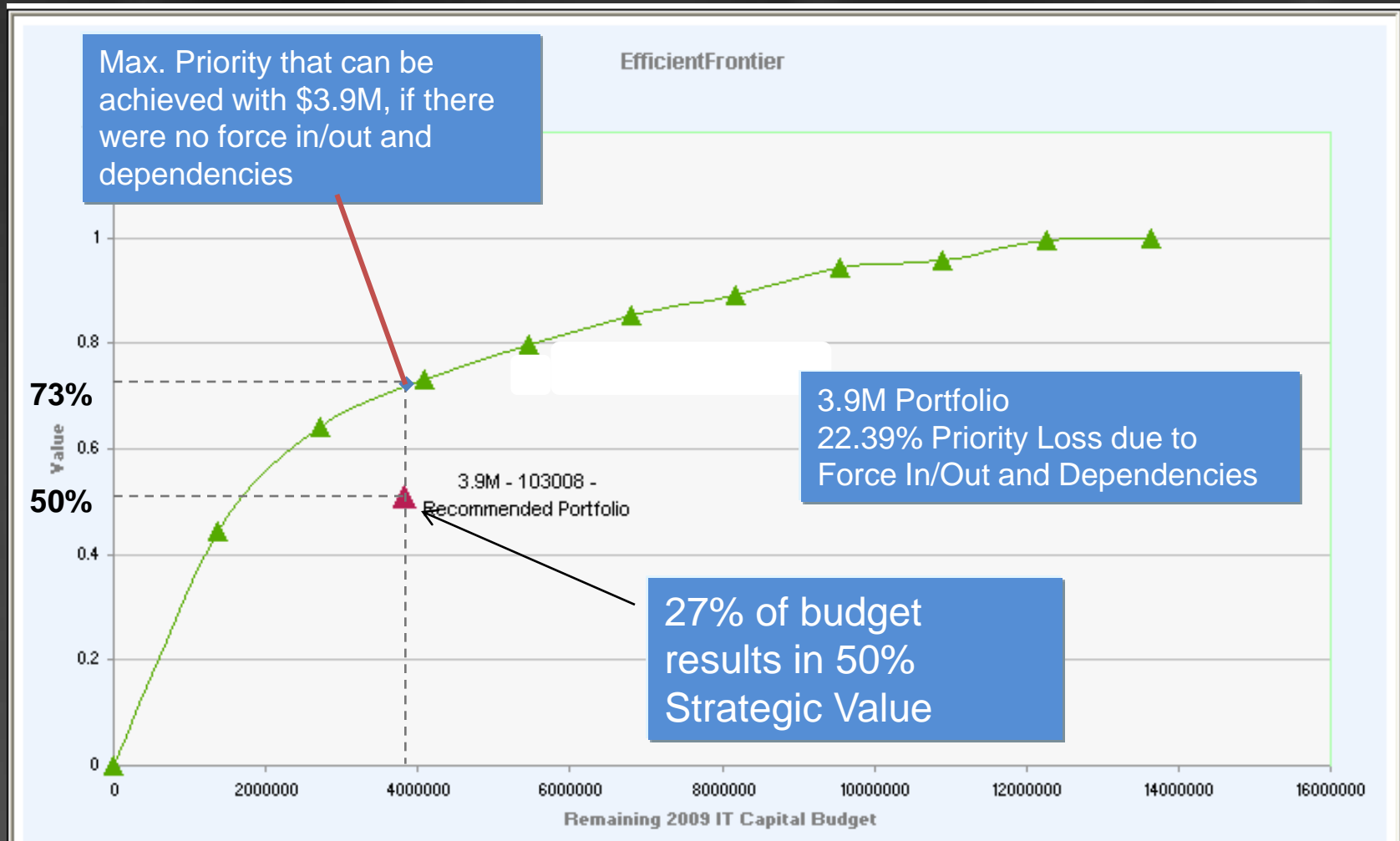
Savings & Efficiency: Application Rationalization
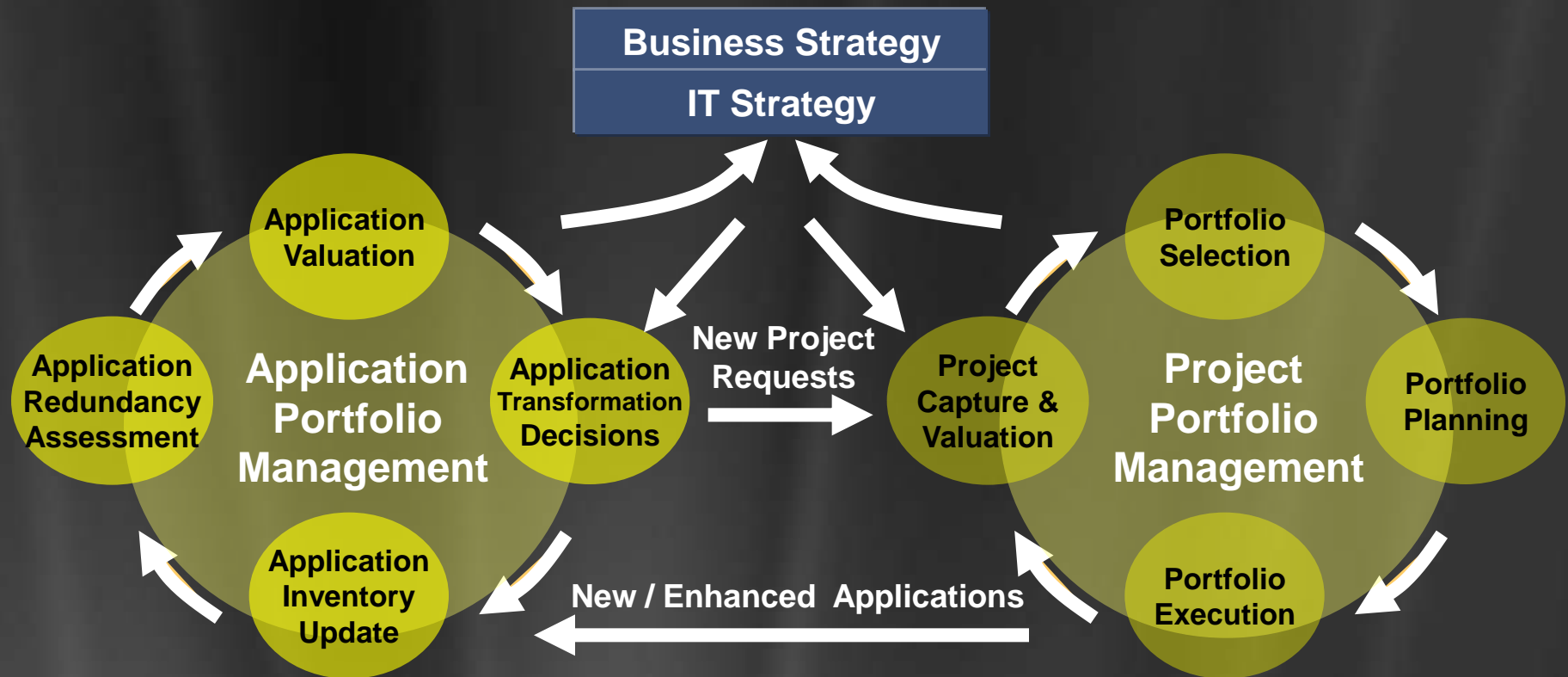## Cut Lights-On Budget to Fund Discretionary Investments

On average 60% – 70% of IT budgets are dedicated to lights-on activities

	Run	Grow	Transform
Metals/Natural Resources	85%	14%	1%
Energy	80%	15%	5%
State Government	82%	10%	8%
Government	77%	11%	12%
Average	61%	23%	16%
Banking	54%	38%	8%
Pharmaceuticals	45%	23%	32%

Run Grow Transform

Source: 2004 Worldwide IT Benchmark Report

Savings & Efficiency: Application Rationalization
Related But Separate Disciplines

Business Strategy

IT Strategy

Application Valuation

Application Redundancy Assessment

Application Portfolio Management

Application Transformation Decisions

New Project Requests

Application Inventory Update

New / Enhanced Applications

Project Capture & Valuation

Project Portfolio Management

Portfolio Selection

Portfolio Planning
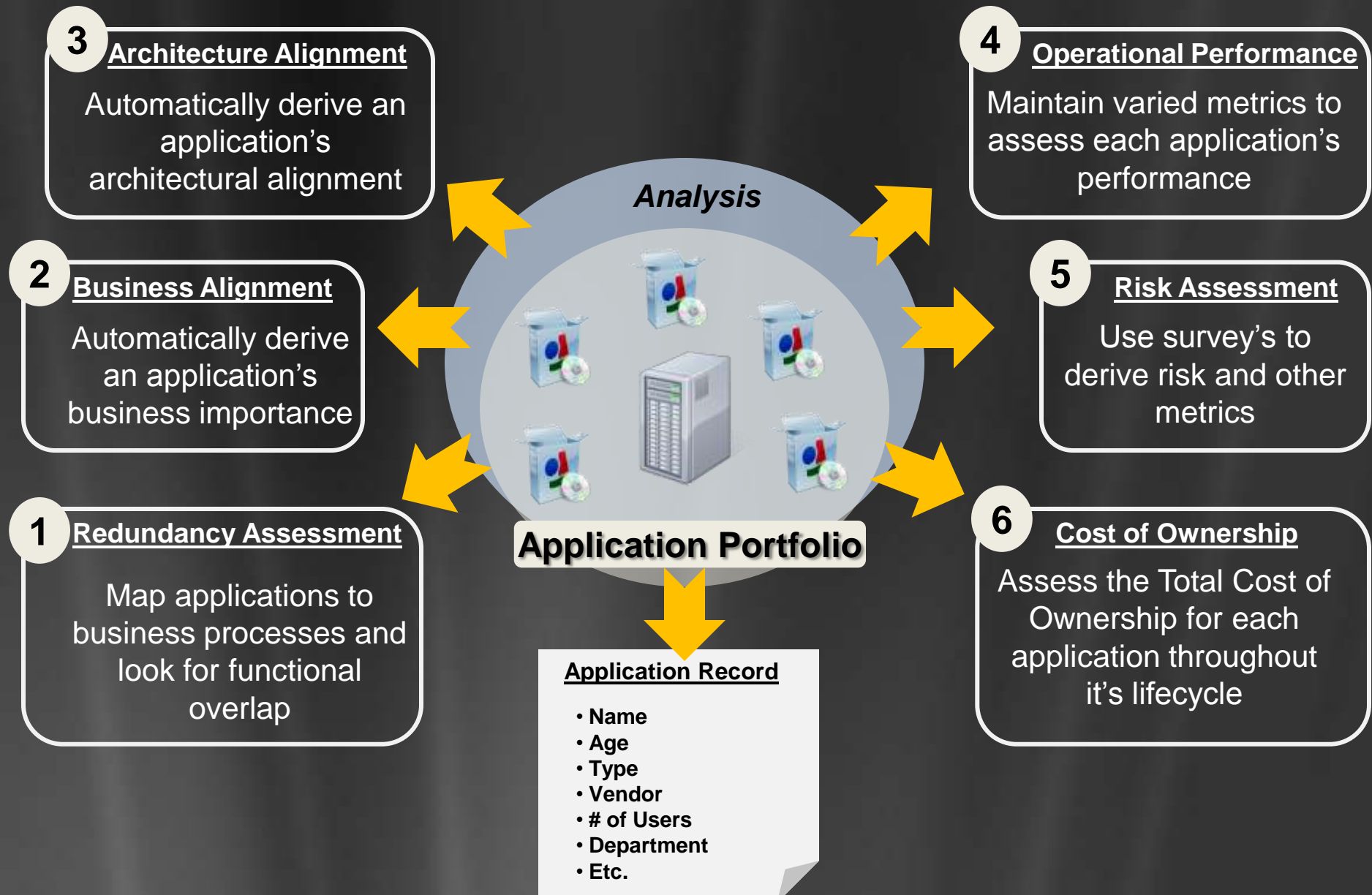
Portfolio Execution

Can you answer any of the following questions?

- How many applications does your organization currently support?
- How much does it cost to keep the lights on?
- Is there functional redundancy within your application portfolio?
- How well do the individual applications align with enterprise architectural standards?
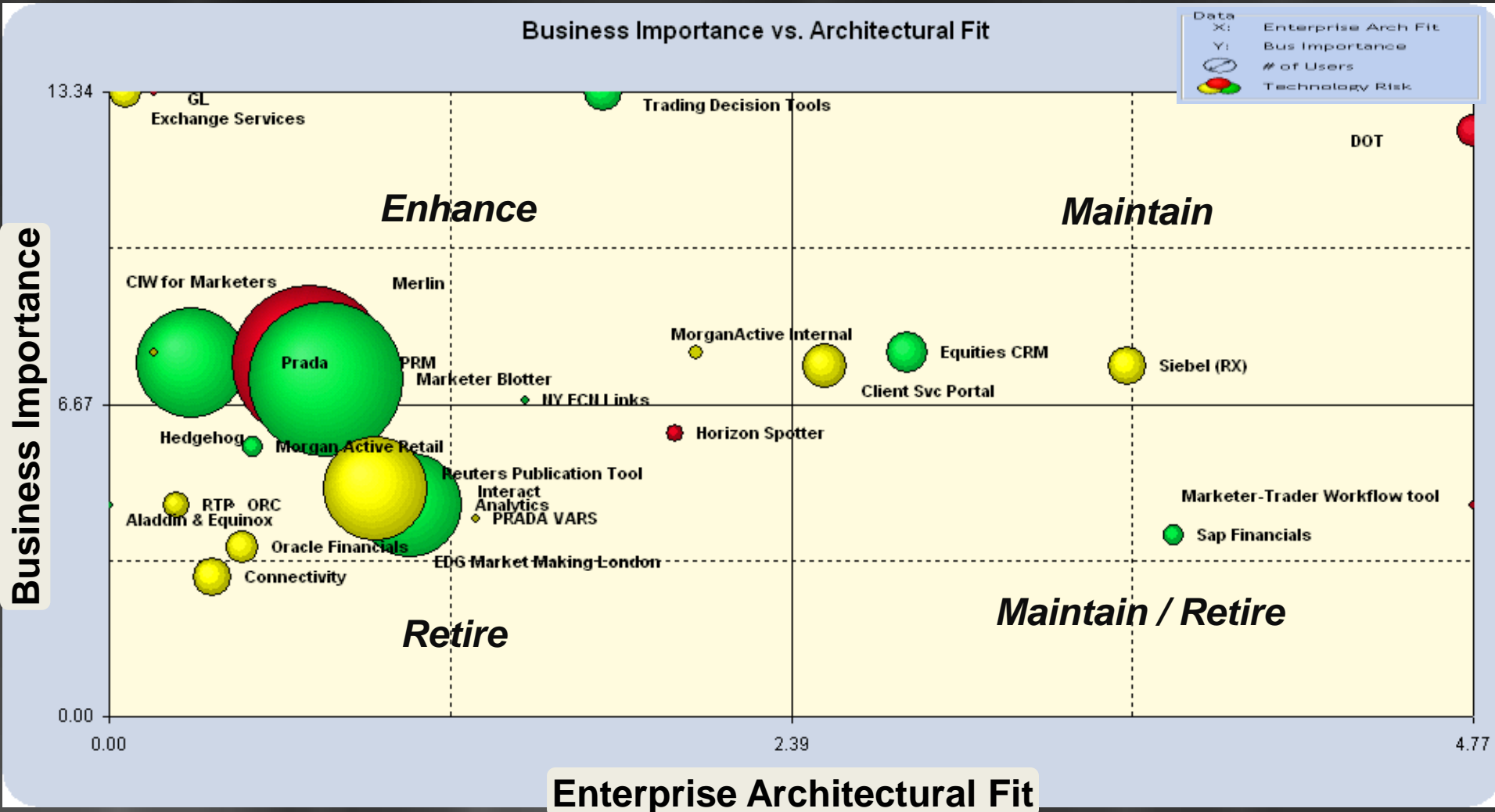- How well are your applications performing?

Savings & Efficiency: Application Rationalization
Run Analyses to Finalize Transformation Decisions

3 **Architecture Alignment**

Automatically derive an application's architectural alignment

4 **Operational Performance**

Maintain varied metrics to assess each application's performance

2 **Business Alignment**

Automatically derive an application's business importance

Analysis

5 **Risk Assessment**

Use survey's to derive risk and other metrics

1 **Redundancy Assessment**

Map applications to business processes and look for functional overlap

Application Portfolio

6 **Cost of Ownership**

Assess the Total Cost of Ownership for each application throughout it's lifecycle

Application Record

- **Name**
- **Age**
- **Type**
- **Vendor**
- **# of Users**
- **Department**
- **Etc.**

Savings & Efficiency: Application Rationalization
Example Charting Analysis

Business Importance vs. Architectural Fit

Legend (Data):
- X: Enterprise Arch Fit
- Y: Bus Importance
- ⬭ # of Users
- ⬤ Technology Risk

Quadrants:
- Enhance (top-left)
- Maintain (top-right)
- Retire (bottom-left)
- Maintain / Retire (bottom-right)

Y-axis: Business Importance (0.00, 6.67, 13.34)
X-axis: Enterprise Architectural Fit (0.00, 2.39, 4.77)

Labeled items: GL, Exchange Services, Trading Decision Tools, DOT, CIW for Marketers, Merlin, MorganActive Internal, Equities CRM, Siebel (RX), Prada, PRM, Marketer Blotter, Client Svc Portal, NY ECN Links, Hedgehog, Morgan Active Retail, Horizon Spotter, Reuters Publication Tool, Interact Analytics, PRADA VARS, Marketer-Trader Workflow tool, RTP, ORC, Aladdin & Equinox, Oracle Financials, Sap Financials, EDG Market Making London, Connectivity

Customer Results: Application Rationalization
APM Analysis Can Yield Significant Returns

Pharma - 2008 lights-on budget is $921 million

- A very conservative 1% savings from application retirement is $9.2 million *every year*; a five year NPV of over $38 million
- Every 1% savings in Lights-on could enable a 4% increase in the budget for New projects.

Sample UMT Consulting Client Results and Insight

- Reduced "lights on" cost by an average of 10%
- Out of 6,000 applications across 11 portfolios, 464 apps overlapped almost 100% (supported the same business processes)
- Older applications performed *better* than newer ones

UMT Consulting
Project & Portfolio Management Consultants

Growth: Transform Your Business
Out Perform the Market & Your Competitors
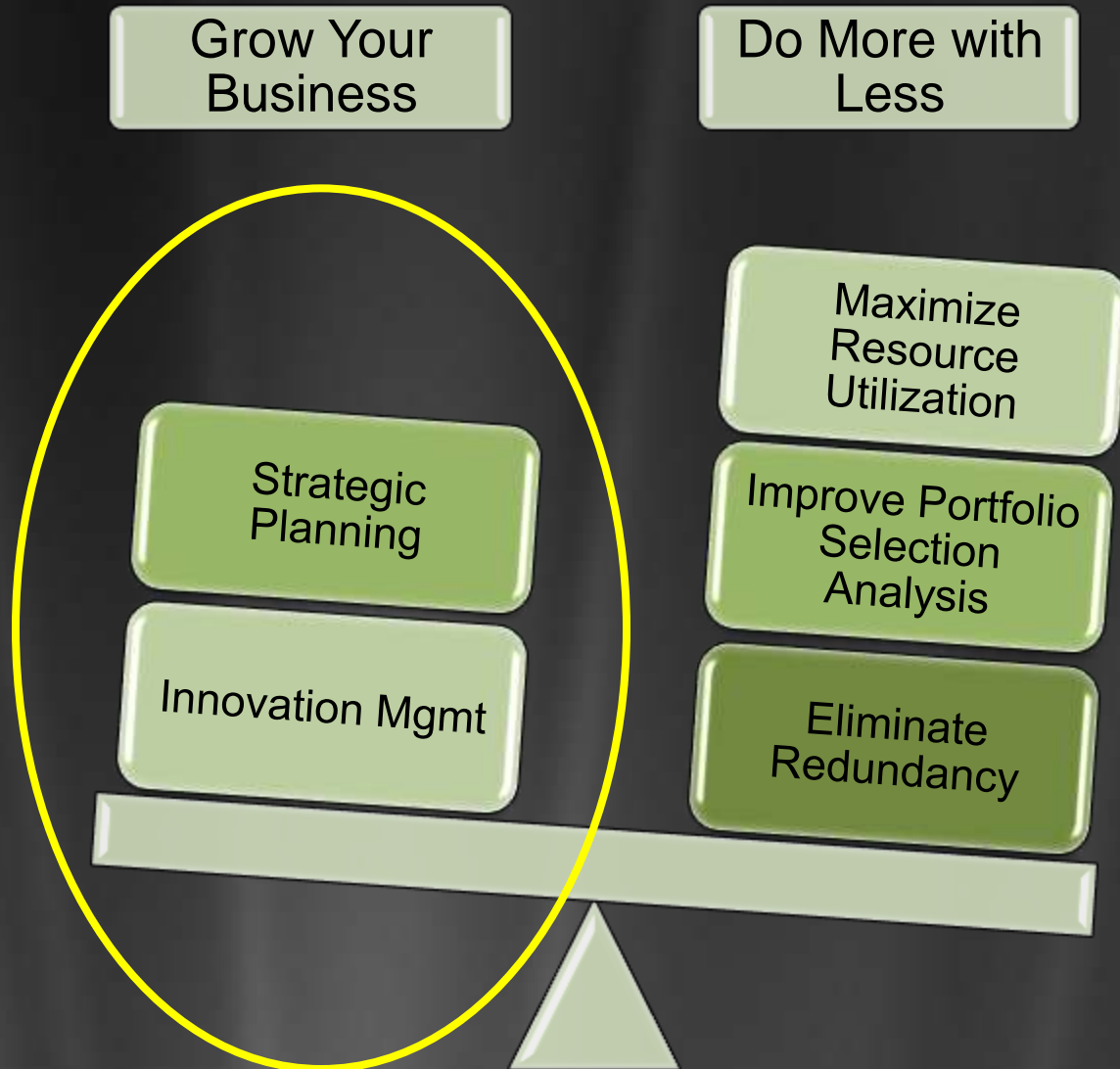
Growth: Strategic Planning Framework
Define & Communicate Business Drivers

Input

Market Analysis →

Organizational Performance →

Strategic Plan

1. Refine Mission Statement
2. Refine Strategic Goals
3. Define Business Drivers & KPIs
4. Define Impact Statements

Available in Marketing Docs

Actionable & Measurable

Growth: Strategic Planning Framework
Drive Consensus & Prioritize Business Drivers

Pair-wise Comparison

CIO · **CFO** · **CEO** · **COO** · **CMO**

Business Drivers	Expand into new markets and segments	Reduce Expense Base	Improve customer satisfaction score	Increase market share in existing markets	Improve employee satisfaction.
Expand into new markets and segments		Str Less Imp	Equal	Extr More Imp	Mod More Imp
Reduce Expense Base			Str Less Imp	Str Less Imp	Mod More Imp
Improve customer satisfaction score				Mod More Imp	Extr More Imp
Increase market share in existing markets					
Improve employee satisfaction.					
Standardize and streamline cross-functional processes					
Improve product quality					

Relative Priorities

Next Step ▷   Weights Menu lbs

		Priorities
	Consistency Ratio: 72.3748%	
	Business Drivers	
0003	Improve customer satisfaction score	25.4181%
0001	Expand into new markets and segments	19.9042%
0006	Standardize and streamline cross-functional processes	17.5067%
0002	Reduce Expense Base	14.2598%
0007	Improve product quality	10.7066%
0004	Increase market share in existing markets	8.8478%
0005	Improve employee satisfaction.	3.3568%

- Utilize pair-wise to objectively prioritize drivers
- Assess divergence of opinion
- Drive consensus
- Understand relative importance
- Communicate strategic priorities

Growth: Innovation Management
Is innovation a key corporate priority?

"To what extent does your organization's strategy depend on innovation for its long term success?"

Category	Percentage
Totally	17.60%
Largely	44.10%
Moderately	29.80%
Minimally	7.30%
Not at All	0.80%
Don't Know	0.30%
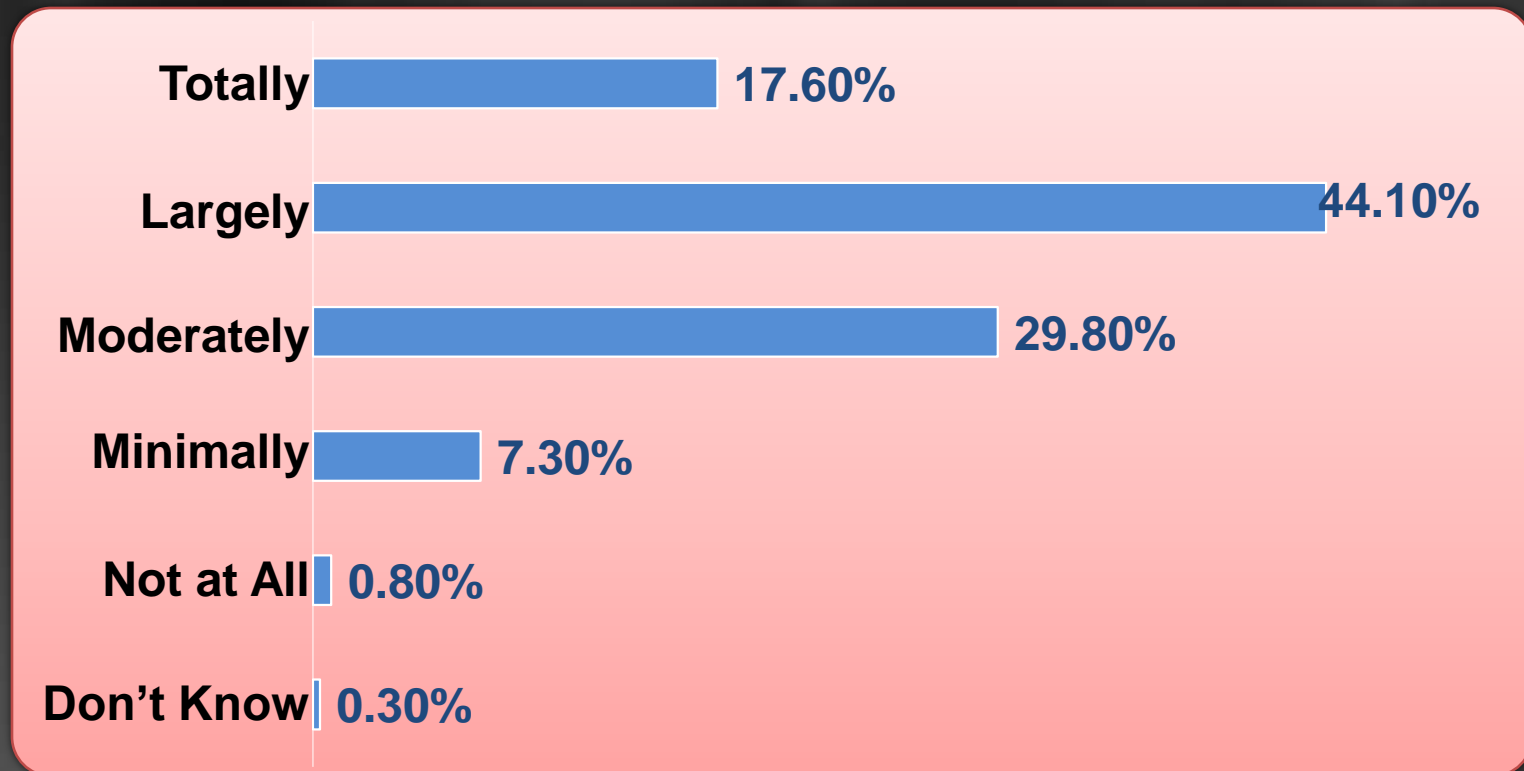
Over 60% of respondents indicated that the organization's strategy depends "Totally" or "Largely" on innovation for long term success

Growth: Innovation Management
What Is It?

The conversion of knowledge and ideas into new or improved PRODUCTS, PROCESSES, and SERVICES to gain a competitive advantage.

Process

Product

Service

Improve Business Performance

Growth: Innovation Management
The Next Big Thing Could Come From Anywhere

Capture → **Formulate** → **Evaluate** → **Define** → **Select**

- **Challenges:** Focus Innovation
- **Capture:** Consider Ideas From Anyone
- **Collaborate:** Evolve Ideas in V-teams
- **Score:** Community Review & Ratings
- **Encourage:** Incentives For Innovation

Project & Portfolio Management Processes
Top Down Techniques Can Drive Results in the Downturn

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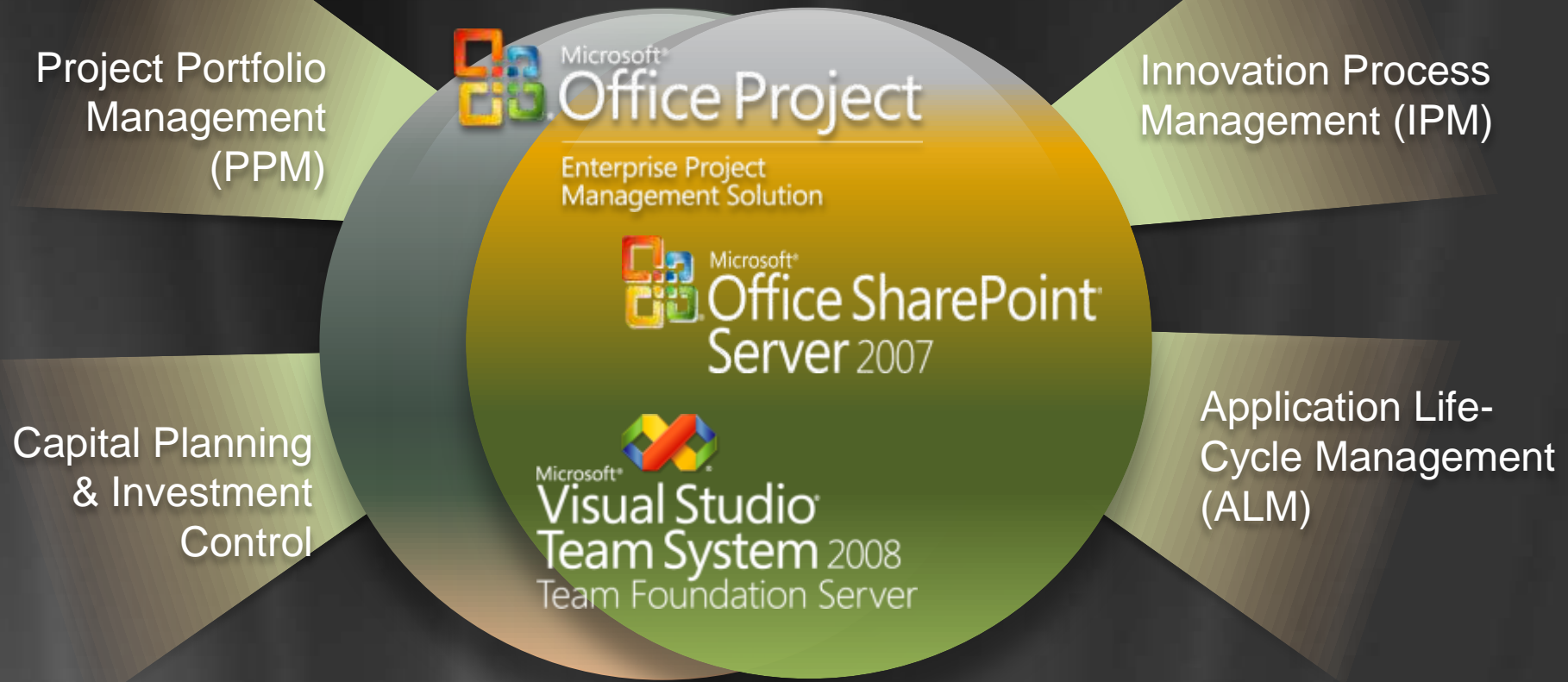- Asset Portfolio Management

Savings & Efficiency

- **Portfolio Selection**
  - Demand Mgmt
  - Governance Workflow
  - Portfolio Analytics
  - Resource Utilization
- Application Portfolio Management

Drive Growth

- Strategic Planning
- Innovation Mgmt

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Capital Planning
& Investment
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