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Ask your representative about these other related PwC publications:

- Insurance Facts and Figures 2010
- Sharpening the focus on risk management for Insurers
- Practical guide to IFRS – Insurance Contracts
- APRA's review of capital standards for insurers

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Achieve more with less!

The status of project portfolio management in IT

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What would you like to change?

PRICEWATERHOUSECOOPERS 

Achieve more with less!

The status of project portfolio management in IT

During the winter of 2009, the Australian economy was in the grip of the financial crisis along with the rest of the world. Budget reductions and the paring back of investments were knee-jerk reactions to the crisis; IT budgets and projects were not spared. The question of which projects could be stopped or postponed without causing a lasting strategic disadvantage took centre stage next to cost reduction.

Our experience over the past year has shown that reducing the number and increasing the focus on projects that lead to a rapid return on investment. This significantly supports the business strategy with a clear plan on delivering benefits, leading to higher project efficiency. *Achieve more with less* - which sounds at first like an impossible task - can indeed be the end result of portfolio rationalisation. With the right methods and processes this goal is achievable and efficiency can be improved.

"Without portfolio and project management, only 16% of projects will be delivered on time and on budget."
The Standish Group

Project portfolio management (PPM) emphasises the effectiveness and selection of the right focus areas. Especially in times of limited resources, it is crucial that the projects that bring sustained added value to the organisation are initiated. This long-term view which **focuses on value creation** is however, not necessarily something that many organisations take. Shifting to this view requires a fundamental change in mindset and often a cultural change to overcome short-term tunnel vision.

PPM is broken up into four stages – transparency, alignment, strategic planning and benefits realisation. An organisation that employs effective PPM will find that it is not only delivering strategically aligned projects but that they are also realising their intended benefits.

Stage	Explanation
Stage 1: Transparency	PPM emphasises effectiveness and selecting the right focus areas. Especially in times of limited resources, it is crucial that the projects that will bring sustained added value to the organisation are initiated.
Stage 2: Alignment	PPM is intended to improve communication and coordination between IT and the business, enabling better alignment. For this purpose the required roles and organisational structures are created. <i>"The project portfolio is the basis for discussing the coordination between business and IT."</i>
Stage 3: Strategic Planning	PPM should improve business strategy implementation. <i>"The project portfolio management process is the key instrument for guiding the implementation of the strategy."</i>
Stage 4: Benefits Realisation	PPM is intended to contribute to more sustainable, successful projects (in terms of time, budget and quality) being completed to realise proposed benefits. <i>"Project portfolio management has helped us to increase significantly the added value of our investments through raising the plausibility of our decisions."</i>

Information Technology is increasingly gaining importance as a strategic business partner to the business

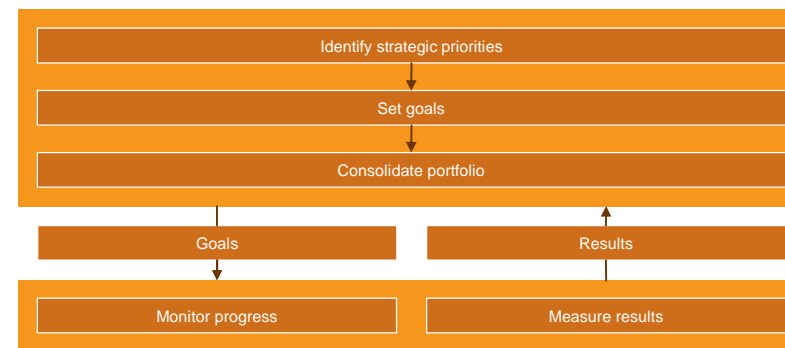
A study that PwC conducted with the market research firm The Economist Intelligence Unit (EIU) reveals that CEOs expect IT to play an increasing role in the future as a partner for strategic investments. With the transformation of IT to Business-IT, the CIO has become the innovator driving the business model.

According to the EIU forecast, business and IT strategy will be closely interlinked by 2013 and IT will be a key enabler when implementing corporate strategy. Competition-critical IT services will be managed in-house and commodity services purchased on the open market. IT management processes will be focused on innovation; performance and risk management and will be integrated into business processes. Employees in IT will possess strong skills in both business and change management, and an agile technology platform will create opportunities for new business models and innovations.

The transformation of IT to Business-IT also requires a new approach to project portfolio management. We asked our survey participants what their main focus areas in PPM will be and discovered four common themes:

- Benefit evaluation and control
- Integration of project portfolio management and Enterprise Architecture
- Extension of Financial Business Case
- Resource Management

PPM process components



Where to from here?

PPM might seem like a large mountain to climb, however, it holds the future to the transformation from IT to Business-IT. Ask yourself these five key questions, you might be surprised with the answers:

- Are we investing in the right things?
- Are we optimising our capacity?
- How well are we executing?
- Can we absorb the changes?
- Are we realising the benefits?

(taken from PPM, Enterprise Portfolio Management Council 2009)