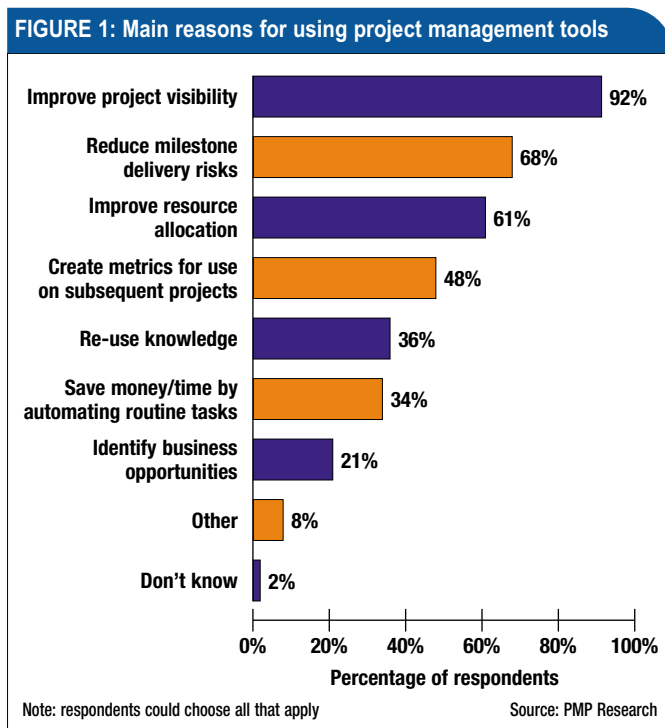


FASTER, CHEAPER, BETTER

Companies want more from their projects and the software driving them, according to our latest research. Cliff Mills analyses the results.

The media regularly report that projects continue to run into problems and fail to deliver on their promised benefits. This is somewhat surprising since good practice in project management is well-defined, well-documented and well-understood – but it does underline the fact that project management is not a straightforward or simple process. Projects often go awry because of unrealistic planning, through lack of clear thought or limited collaboration among the stakeholders. Project planning can be made more realistic if all the project’s players are involved in assessing uncertainty more carefully. Projects planned in this way are more likely to deliver on their promise.

Given the seemingly high rate of project failures, you might expect that companies would be happy to just have their project finish with some degree of success. That’s not the case. Despite the odds, organisations expect projects to be completed faster, cheaper and better – and the only way that these objectives can be met is through the use of effective project management processes and techniques.



This year’s PMP Research survey assesses the use of project management software. The results show that more organisations than ever before are using project management tools and methodologies to streamline their processes and to meet their project challenges. The boundaries between different types of solution have also blurred considerably. Project portfolio management (PPM) describes a wide range of tools covering traditional project management, professional services automation (PSA), business intelligence and integration software – all aimed at improving the management and control of projects.

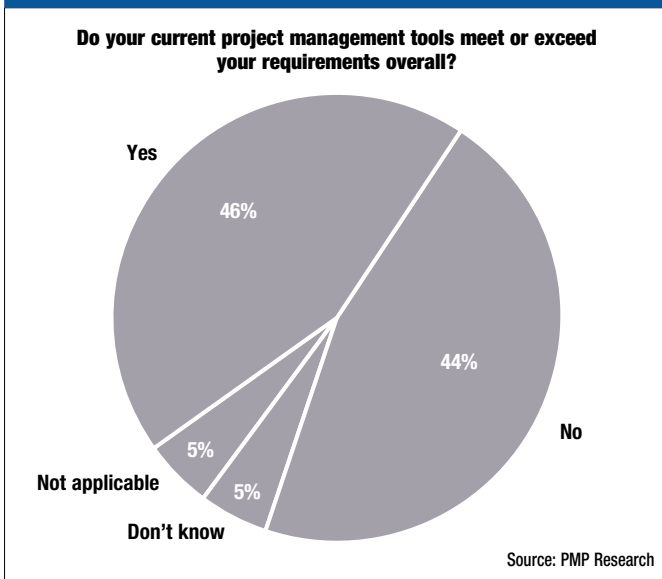
According to our research, the main factor behind the growth in PPM software is the need to improve the awareness and visibility of all projects across the organisation – which is seen as the essential element by 92% of respondents (Figure 1). Meeting project deadlines by reducing milestone delivery risk (68%) and improving resource allocation and utilisation (61%) are also crucial elements.

The use of project management tools should provide a learning process, whereby metrics can be utilised on subsequent projects; this is seen as important by 48% of the respondents, whereas re-use of knowledge is only mentioned by 36%. Perhaps surprisingly, saving money and time by automating routine tasks is only mentioned by 34%, but it may well be that this element is almost taken for granted. Being able to identify new business opportunities as a result of using the software is identified by 21% of the respondents.

The majority of organisations (87%) have adopted a formal approach to project management which encompasses a recognised process or methodology. Respondents are split between those who use a standard project management approach such as PRINCE (62%) and those who have developed their own home-grown methodology (34%). However, only 54% think their existing methodology is fully supported by their current implementation of project management or PSA software, whereas 41% say there are limitations in its support.

This may go some way to explaining why only 46% of respondents think their current project management tools meet or

FIGURE 2: Quality of project management software



exceed their requirements (Figure 2). This leaves a high percentage (44%) who are dissatisfied with the performance of their software. There are obviously a number of limitations with the current PPM software being used by many companies, which would explain some of the high levels of dissatisfaction.

Providing a consolidated view across all projects, so that total resource requirements can be ascertained, is essential. This allows companies to allocate resources in the optimum manner and identify any deficiencies. Nearly half the companies (49%) have this capability for consolidated project views (see Figure 3) but a significant number (39%) cannot achieve this. Considering that only 3% of companies do not have this requirement, many of them must be struggling with the effective allocation of resources across projects.

In addition, many organisations will have a number of inter-related projects on the go and will need to view the consolidated activity across all of them and the impact of any changes on each project. Yet while 7% say this is 'very easy' and 33% 'easy' to do (see Figure 3), the majority find it 'difficult' (40%) or 'very difficult' (13%). Only 7% say they do not have this particular requirement. So while organisations may be handling individual projects well and keeping track of progress, they are struggling to get a consolidated view of all their live projects.

When it comes to allocating resources and skills to projects using their current tools, 7% find this 'very easy' and 46% 'easy' – compared to the 31% who find it 'difficult' and 7% 'very difficult'. While different product sets obviously vary in their ease of use, the level of difficulty may be due to whether companies are managing individual projects or multiple inter-related projects.

Being able to effectively analyse the use of both employees and resources enables companies to take more effective and intelligent decisions when planning projects. Only 36% of respondents can extract and analyse productivity metrics from within their current system, while 46% are unable to do this. Nowadays one tends to assume that most companies have streamlined and automated their basic procedures for collecting information for project management as far as possible. However, over half the respondents (52%) still use manual processes for time recording and 66% for expense

FIGURE 3: Ability to manage multiple projects

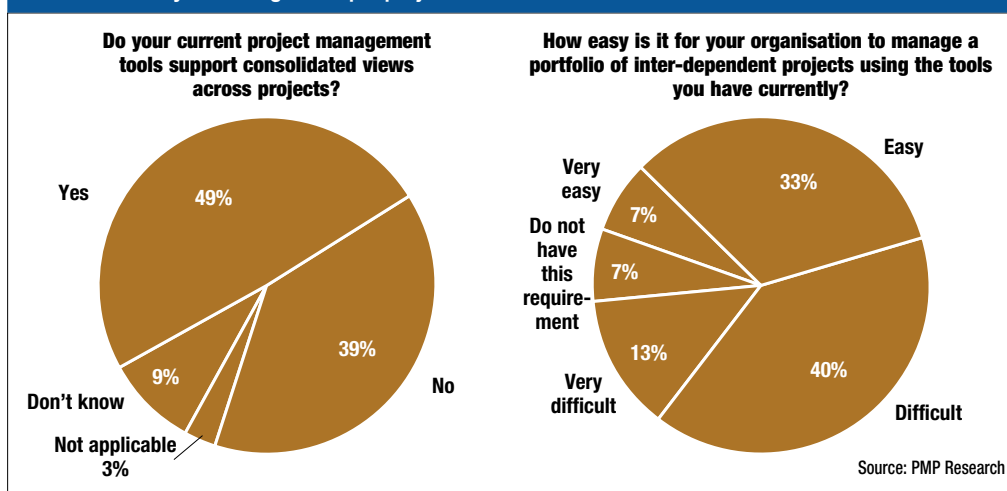
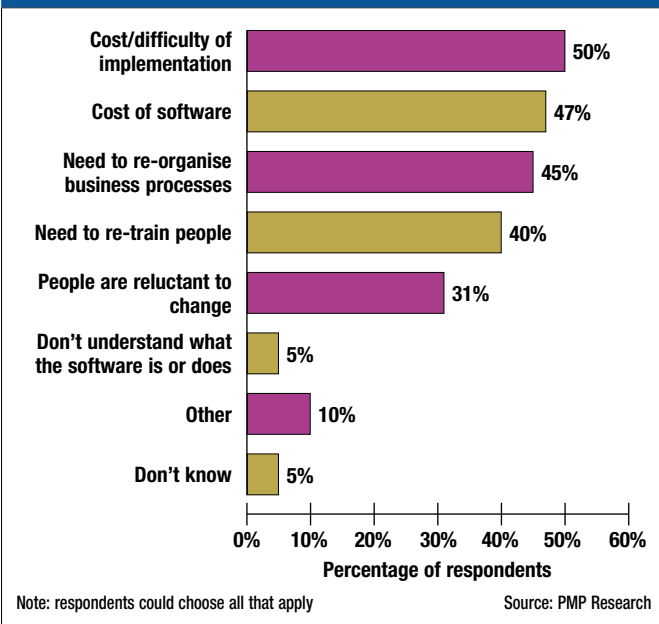


FIGURE 4: Main barriers to adopting PPM/PSA solution



information. Yet both these activities are vital in maintaining an accurate view of the costs and time allocated to projects and in expediting the billing process.

Delays in this area can have serious cashflow implications. As both these are essentially routine tasks, they would appear to be ripe for computerisation. Similarly, only 34% have an automated approval process for time and expense billings on projects.

Key issues

Integration between the key operational systems in an organisation is a crucial issue and much time and effort is expended in achieving this. In general the level of integration of PPM systems is low with the highest linkage being with financial systems (35% of respondents), so that payment and billing information can be passed over directly.

Only 15% have integrated PPM with their HR software despite the fact that the HR system contains information, such as key skills and past experience, that should be invaluable in planning any project. Integration with sales systems and procurement systems is even lower, at only 12% and 13% respectively. Looking to the future, 18% of those surveyed intend to buy software to handle project planning and administration at some time in the next two years. Another 29% are undecided about any future purchases, and half have no plans to buy.

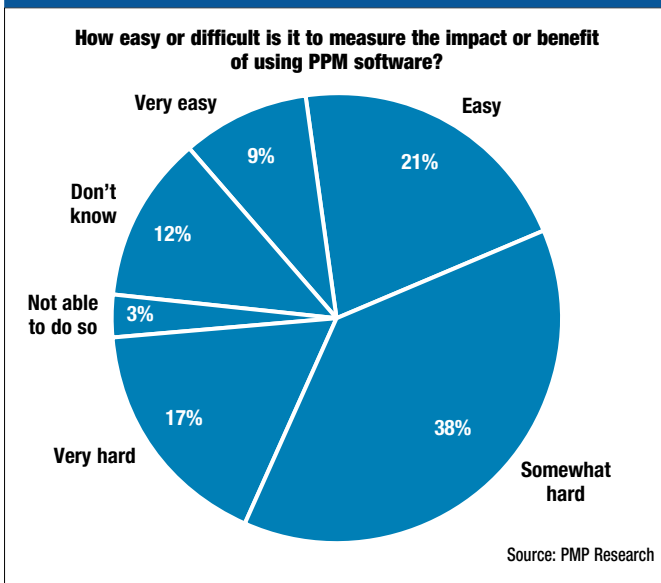
The main barriers inhibiting the adoption of a new PPM solution are the cost and difficulty of implementing a new solution, mentioned by half the sample (see Figure 4), closely followed by the cost of the software (47%). In addition, 45% need to re-organise their business processes before adopting any new solutions and 40% see the need to re-train personnel as a significant barrier. The reluctance among people to change is also seen as a problem by 31%.

One way of minimising the impact of these problems is to use a hosted solution to deliver PPM capabilities. This negates the need to invest upfront in buying, implementing and maintaining the software inhouse and allows for a more gradual implementation. 7% have opted for this approach and a further 19% might consider using it, but 48% are unwilling to move in this direction. Another choice users have is whether to implement standalone project management packages or adopt a web-based solution. The majority (57%) prefer to buy or use web-based packages, compared to the 20% who favour standalone software.

The advantages of web-based solutions are seen as accessibility from any location by just using a web browser (33%), using one central database/repository for project information and documentation (23%), and improved communication between project workers (23%). With the mobility of employees increasing, it is now more essential for systems to be accessible from different locations using a variety of devices. A third of organisations already provide remote or mobile access to their PPM solutions with a further 22% planning to do so, although 27% have no plans to provide this capability.

While compliance and corporate governance are general concerns for companies, this area appears to have had little impact on the need to use project management software. Despite predictions from some analysts, 61% of respondents say this has had no impact on their use of PPM or future purchase plans in this area. Only 8% say it has had an impact, with a further 23% not sure. While the majority of organisations (62%) found it easy to develop a business case for introducing PPM software, this still leaves a substantial number (28%) who struggled to do this. In addition, when it comes to

FIGURE 5: Assessing the benefits



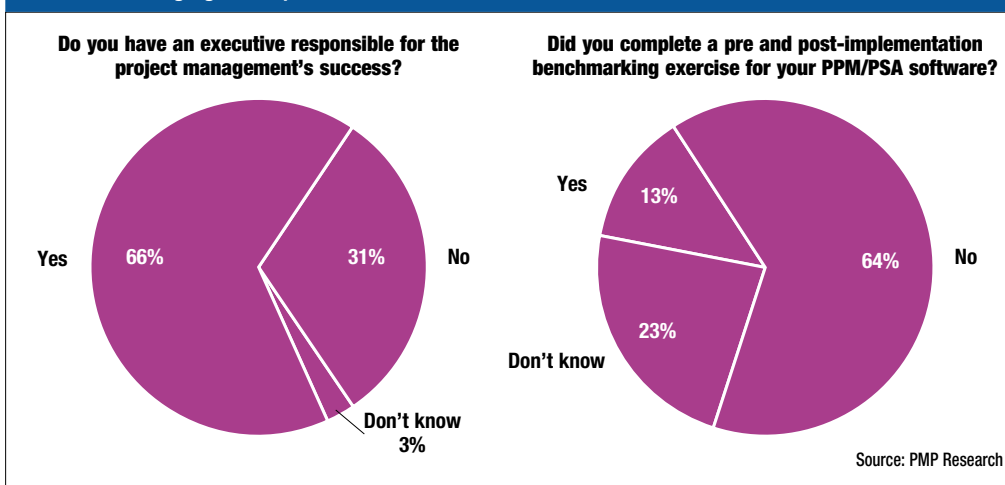
measuring the impact or benefit of using this software, the situation is much more problematic. Only 9% feel it is 'very easy' and 21% 'easy' – compared to 38% who find it 'difficult' and 17% 'very difficult' (see Figure 5).

One of the reasons for this difficulty may be that the top criterion given for measuring the success of an implementation is better management visibility (76%), which is a hard measurement to quantify. The other key criteria, improving resource utilisation (65%) and cost savings (61%), should both be easier to quantify. Most organisations (66%) have appointed an executive responsible for the success of implementing project management solutions, whereas 31% have not (see Figure 6).

While some companies are happy with their PPM software, many appear to be struggling to quantify the true worth of their implementations. A major factor is

the fact that 64% of companies have never completed a pre and post-implementation benchmark for their PPM software (Figure 6). By missing out on this key step, many organisations have been unable to demonstrate the true worth of PPM to the organisation, with a long-term detrimental impact on future investment.

FIGURE 6: Managing the implementation



SURVEY STATISTICS

This year's survey into the use of PPM and PSA software features some very large organisations, with 20% of the respondents reporting an annual turnover of between £150 million and £1 billion, 12% a turnover of £1 billion to £5 billion, and 10% topping the £5 billion mark. However, further down the scale the views of smaller companies are also represented, with 10% in the £5 million to £10 million turnover bracket, another 19% falling into the £10 million to £50 million range and 29% between £50 million and £150 million.

Over half the respondents (62%) are professional services providers with commercial clients. About a fifth (18%) describe themselves as inhouse service providers, while 20% are a mix of the two categories. Some have considerable numbers of project or service professionals – 10% have 500-1,000 employees in this category, and another 25% report more than 1,000. At the other end of the range, 15% have up to 10 such employees, 25% record 10-50 staff and 16% between 50 and 500.

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