

Program and Portfolio Management Leadership Vision for 2017

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Key Issue

- What are the major trends and challenges affecting how organizations leverage PPM?
- Why is it critical for organizations to leverage PPM, today and in the future?
- How do leading organizations deliver the highest value using PPM?
- What are the best practices for leveraging PPM?

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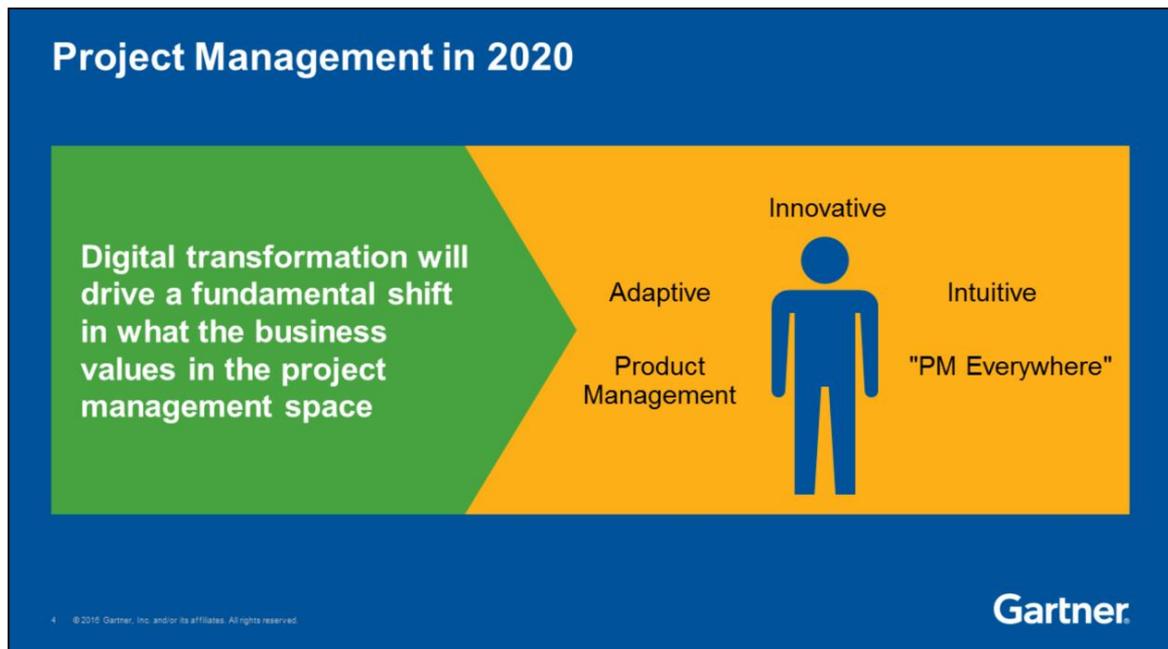
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PPM leaders can leverage this research and the PowerPoint presentation to understand and act on:

- The major trends impacting their business and their role, as well as the major challenges they need to overcome in the short term, midterm and long term
- The reasons why their role is becoming increasingly critical
- How leading organizations are successfully overcoming these PPM challenges
- Best practices for delivering business value and outcomes

PPM leaders who are Gartner clients can leverage such research material, or part of it, to raise the quality of their own teams, better influence the other IT leaders, and communicate the value of the PPM organization to the higher ranks of the organization and other stakeholders.

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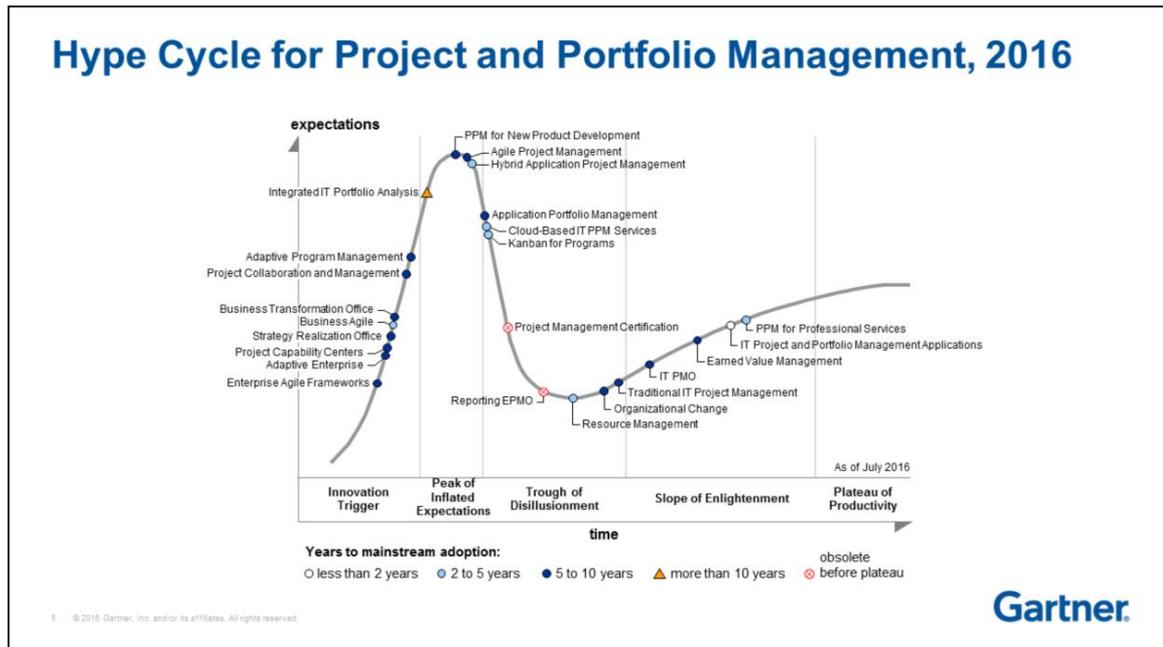


The reality for all those who provide leadership in the PPM space is that a new future is rushing in, and they will need to either ride its wave or be engulfed by it. A wide range of social, cultural and technological factors will drive intense and highly disruptive IT and business changes during the next five years and beyond, making the PPM disciplines — project and program management, project management offices (PMOs), enterprise PMOs (EPMOs), and portfolio management — largely unrecognizable by 2020. A root cause analysis offers some indications of what these changes include:

- **The shift to digital business.** Digital business requires the creation and validation of new models, new rules and new behaviors that will blur perceptions between the digital universe and the physical universe. Crucially, enterprises, organizations and skills are not keeping pace with the rapid changes in digital technologies. Organizations understand the need to master the digital universe, but are doing poorly at articulating a strategy and approach, and communicating them effectively.
- **Fundamental changes in IT delivery models.** Traditional IT approaches are rapidly changing, moving away from the management and control of the organization. Gartner research shows, for example, that approximately 37% of IT spending is now owned by the business side, and we expect that number to rise to 50% by 2017.
- **Business demand for adaptive and agile development.** The concepts of adaptive and agile development have finally gained a substantial foothold in the minds of not only IT leaders but also — and far more importantly — business leaders who are under intense pressure to move quickly in response to business demands.

The impact of these radical IT and business changes on the PPM disciplines will clearly be both permanent and pervasive. In most enterprises, those in PPM roles translate continuously evolving business goals and direction into real activity, delivery, and results that meet or exceed expectations.

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PPM is needed today as never before, as PPM leaders help their organizations through the challenges of digitalization, combined with an ongoing need to keep costs under control. The PPM Hype Cycle presents a blend of disciplines, methodologies and technologies that can help improve project success and provide oversight of a balanced portfolio. The need for IT to respond to enterprise demands to support business agility — potentially via a bimodal approach, where different types of project have different management approaches — brings several new concepts to this year's PPM Hype Cycle.

A new focus on cost optimization is driving renewed near-term focus on technologies that can help with project cost management, as well as portfolio management. IT PPM applications are starting to see a renewed level of interest, as vendors in this market start offering them as hosted solutions, combined with fast-start options. This is likely to move this technology toward the Plateau of Productivity within the next two to five years. From a business perspective, the ever-growing need to move faster has led to the creation of a new — potentially transformational — concept of business agile, which is gaining interest rapidly from organizations struggling with employee engagement.

While many organizations today have business transformation offices, few live up to the name, and thus, while they could indeed be transformational, we believe they will take several more years to move to maturity as several that don't deliver on the promise will be disbanded. Organizational change is another transformational business capability that is often paid lip service to, but can be overlooked in the rush to simply deliver projects, leading to less successful outcomes than might otherwise be the case, and making this likely to take several years before mainstream organizations really benefit from this concept.

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Gartner Predicts ...

... By 2018

- 20%** of businesses and their IT organizations that have shifted from project to product portfolio management will generate market leadership
- 40%** of businesses and agencies will increase their investment in program management, but get poor outcomes

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The graphic features a green circle containing the text "... By 2018" and a horizontal green bar extending to the right from the circle.

The distinction between a project and a solution, be it an application or service, is blurring. In the push-pull world of digitalization, old and new must necessarily coexist in a bimodal IT model. There will be high demand to change existing operations, coupled with high demand to innovate, often in ways that connect the old to the new in an adaptable and sustainable manner — and this demand will continue to outpace the capacity to change.

These solutions will enable fast-paced change in both Mode 1 and Mode 2. Organizations must truly understand all of the available resources and the entirety of the investment portfolio vying for these resources, and deliver effectively on the optimal set of investments, factoring in dynamics such as bottleneck resources and technical debt. As the pace of markets continues to quicken, investment management approaches must necessarily evolve to include better definition of the types of investments, more-reliable information on resources that can be invested, and better market information.

Organizations must restructure their investment portfolios to embrace the blurring of projects and applications.

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Gartner Recommended Research

- ▶ ["The Project Portfolio Management Leader's First 100 Days"](#) Robert A. Handler
- ▶ ["ITScore for Program and Portfolio Management"](#) Lars Mieritz
- ▶ ["Strategic Benefits Realization: IT as an Engine for Coherent Execution of Strategy"](#)
Richard Hunter, Robert A. Handler, Marc H. Andonian
- ▶ ["PMO and Portfolio Heads Can Support IT Steering Committee Effectiveness, Ensuring a Prosperous Voyage"](#) Michael Hanford
- ▶ ["Where Your PPM Career Won't Be in 2020: Portfolio Management Will Be Driven to Provide Real and Accurate Analysis"](#) Michael Hanford
- ▶ ["Predicts 2016: PPM Capabilities and Solutions Are Not Keeping Pace With Digital Transformation"](#) Michael Hanford, Matt Light, Audrey L. Apfel, Lars Mieritz, Daniel B. Stang, Robert A. Handler, Mbula Schoen, Donna Fitzgerald, Teresa Jones
- ▶ ["Seven Best Practices for a Highly Effective PMO"](#) Mbula Schoen

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