Building an effective Business Case for PPM software

Contents

Constructing the Business Case

This takes preparation and planning and you should be ready to answer the tough questions. Any good business case will include the tangible and intangible benefits that will be realised once the PPM software has been implemented, potential cost savings for replacing or consolidating tools, the costs of the implementation and the return on investment. Your business case should include the following sections:

1 Business objectives for your organisation and how it translates to the PMO objectives

As it becomes more difficult for businesses to compete, there is an increasing need for PMO environments to ensure all activities align with the direction the organisation. Executives are demanding the transformation of PMOs into high performing teams with efficiency, effectiveness and accountability top of the agenda. When considering PPM software, consider these common goals and objectives to measure:

- Improve project success rates
- Drive increases in productivity and cost savings
- Set standards with the appropriate processes, templates, methods, tools and technology
- Provide credible portfolio and project reporting

2 Challenges preventing the PMO from achieving its goal and why PPM software is necessary

The journey to implementing a PPM software solution started when there was some difficulty answering one or more of these questions:

- Are current in-flight projects going to provide the maximum, desired and intended value to the organisation?
- Are we managing these projects effectively, meeting the quality, time and cost objectives?
- Can we quickly see where critical resources are deployed now and in the future?
- Are we realising the benefits from our projects and programmes?

- Are we capable of providing professional, timely and accurate reporting for real-time analysis?
- Are we able to make informed decisions when considering new project requests and can we adjust and re-prioritise the current portfolio?
- Are we going to be able to deliver on the forecasted benefits this quarter?

Merely having project managers will not move the organisation to achieving its goals and PPM software provides your PMO environment with a centralised management of processes, methods, and resources to manage your current and proposed projects from a planning and execution perspective. The questions listed above are the starting point to identifying the challenges facing your environment.

3 Tangible and Intangible Benefits

It's a given that top management will be looking for an introduction to PPM software and its application with a quantitative and qualitative view of the business value to be gained. Here's an example of a structure to help you cement your case:

Objective

Set standards with the appropriate processes, templates, methods, tools and technology

Benefit	Replaces	Measure	Guideline	Current	Target
More projects delivered on time due to following standard processes	Creating new templates from scratch Outdated templates	Number of negative audit reviews	Expect an average of 15-25% less negative audit reviews	X	X
Improved communication between project stakeholders due to consistent application of standard project methodology	Fire fighting Ad-hoc to-do lists Unproductive team meetings	Customer satisfaction rating/ Team communication rating	Organisations report and increase in customer satisfaction by 25-35% and improved team communication by 40-50%	X	X
Process improvements facilitated by increased use of standard methodology and lessons learned reviews	Making the same mistakes over and over	Number of process improvements implemented	Typically the processes for managing the demand, project selection and portfolio prioritisation, project status reporting, resource management and post project evaluation report continual improvements	X	X

Improve Project success rates

	Benefit	Replaces	Measure	Guideline	Current	Target
Objective	Reduction in wasted project costs by early identification of challenged projects	Continued work on non-profitable projects	Number of Cancelled, On-Hold and re-scoped projects	Approximately 10% less low value/redundant projects	X	X
	Reduced budget overruns due to improved visibility	Cost overruns Checking data across multiple sources	Annual cost of overruns	Expect an average decrease of 10%	X	X
	Accelerated delivery due to improved use of resources	Resource bottle necks Lack of delivery Over-worked resources	Number of projects delivered on time	Aim for approximately 30% more projects executed, project duration decrease by 10% and reduction in project failure rates by 15%	X	X
	Reduction of non-productive time due to improved time recording and tracking	Unproductive resources Lost time impacting project profitability	Percentage resource utilisation/ Savings related to labour expenses	Not all project environments track labour costs but for those that do, a 20% reduction in labour expenses can be expected	X	X

Drive increase in productivity and cost savings in Reporting

	Benefit	Replaces	Measure	Guideline	Current	Target
Objective	Reductions in Project Manager workloads providing progress updates				X	X
	Reduction in PMO workload consolidating information and producing regular reports	Aggregating data in Excel Multiple spreadsheets Manual analysis	Hours per week	Estimate for a 25-50% reduction in time spent on administration tasks and producing manual reports giving project manager 2-4 hours extra every week	X	X
	Reduction in PMO time spent responding to requests from executives for ad-hoc progress reports				X	X

Objective	Provide credible portfolio and project reporting					
	Benefit	**Replaces**	**Measure**	**Guideline**	**Current**	**Target**
	Reduction in status meetings per project	Excessive meetings to report progress due to lack of visibility	Hours per week	Depending on the size, duration and nature of the project this will vary. 1 hour per week for project teams of 10 or less for the less complicated projects		
	Improved executive decision making due to accurate, up to date project information available online	Uninformed decision making Lengthy decisions making	Time taken in days to pass project gates	Most companies have reported 22.5 days as the average before PPM software and an average of 8.4 days with PPM software	X	X
	Maintaining management focus on delivering and maximising the business value of strategic projects	Excessive time spent on business as usual Lack of focus on strategic projects Missed benefit targets	Annual benefits realised		X	X

The table above shows the upside to introducing PPM software and the positive business impact to be expected but it's equally important to set measurable objectives that can be directly tied back to the implementation of the PPM software. It's expected for your organisation to dramatically improve efficiency, effectiveness, and productivity while reducing exposure to risks related to project failures. Some examples of the metrics that can be reviewed periodically throughout the implementation are:

- "Decrease number of team meetings by [xx]% over [time frame]."
- "Increase budget adherence by [xx]% over [time frame]."
- "Increase on-time project delivery by [xx]% over [time frame]."
- "Decrease number of audit findings by [xx]% over [time frame]."

4 Cost Savings

In addition to the cost savings associated with each of the benefits examples listed above, spend some time considering the technology replacement costs. If you're using multiple tools for communication, collaboration, time tracking, scheduling and reporting, then hopefully your PPM tool of your choice will allow for consolidation in a single tool. Remember, the use of

various tools encourages duplication, wasted time, incompleteness, inaccuracy and inefficiency!

5 Implementation Cost

Every executive team has at least one die-hard bean counter, so make sure you have done your homework. Now's the time to pitch hard figures with accurate financial calculations. Depending on your PPM software vendor choice, the costs will vary based on whether it's a cloud based or on-premise solution, month to month contract vs. fixed contract for X numbers of years, minimum software licence requirements, module/functionality driven pricing, etc. Decision makers would expect to see a comparative analysis for the following cost items at a minimum:

5.1 Once-Off

	Description	Type	Frequency	Estimated Cost
Once-Off	Configuration and set-up costs	Dependent of complexity of requirements	Once-Off	X
	Data Migration	As Needed	Once-Off	X
	Training Cost	Number of Users	Once-Off	X
	Internal costs to run the implementation project	Internal resource rate cost	Once-Off	X
	Communication and change management	External consultants / Internal resource cost	Once-Off	X

5.2 Recurring

	Description	Type	Frequency	Estimated Cost
Recurring	Software licence cost	Number of Users	Annual/Monthly	X
	Software maintenance and support costs	As Needed	Annual/Monthly/ Inclusive of licence cost	X

It all boils down to answering the question of "How long is the commitment? And at what cost?"

6 Return on Investment / Payback period

Based on the outcome of your assessing the benefits and cost savings in relation to the direct implementation costs, you will need to provide an indication of how long it will take to realise the benefits.

7 Choosing the right tool

There are a host of PPM software solutions available and careful evaluation of your environment's maturity, requirements and vendor capabilities is recommended. It's strongly advisable for you to quickly identify a small number of strong candidate suppliers (use vendor case studies, client testimonials, and product review websites to help you with shortlisting) and enter into an evaluation of their solution. Provide enough information about your environment and your requirements for today and the future. Following this approach will help you get a feel for the level at which the proposed solution meets your requirements. Simultaneously, you'll get a good understanding of how quick/easy the solution is to deploy and configure, whether the intended user community will be able to use and adopt the solution, as well as all the associated costs for deploying the solution.

By quickly going through this process with a short list of suppliers, you'll be able to report back to the executive decision making committee with a degree of accuracy and be able to say 'After conducting a review of the market, based on our current and proposed future requirements, we were able to identify a small number of suppliers whose PPM software solutions are fit for purpose, scalable and, in our opinion, intuitive and easy to use. We have also been able to assess the service and support of each of the selected suppliers to ensure optimum adoption and maximum return on investment."

The table below depicts some of the capabilities of any good PPM software solution. Once your requirements have been defined, use this table to help you refine your vendor shortlist:

Portfolio Management and Prioritisation	Yes	No
Allows for simple or complex categorisation models		
Includes automated, manual, simple or complex prioritisation models		
Allows for the collection of all demand and required projects		
Graphical portfolio and prioritisation dashboards with drill down capability		

Idea and Innovation Management	Yes	No
Ability to register and log new ideas		
Online and automated approval of ideas		
Implement governance or gate criteria on the innovation process		
Manage and track innovation via detailed reports and graphical dashboards		

Methodology and Governance Alignment	Yes	No
Ability to publish a visual view of the lifecycle / methodology using any process mapping tool		
Ability to use PMBoK, PRINCE2 or any customised methodology;		
Allows for governance monitoring and checks on compliance to the process		
Implement formal stage gates with online approvals;		
Support multiple methodologies for a single environment		

Time and Cost Management	Yes	No
Ability to log time against tasks, issues, risks and other work items		
Support online automated timesheet approvals;		
Allows recording of time against project and non-project work		
Allows project budgets, commitments, spends, invoices and forecasts to be tracked		

Planning and Task Management	Yes	No
Allows tasks, deliverables and milestones to be created and allocated to resources		
Allows bulk task uploads via Microsoft Excel or other XML sources;		
Allows team members to update tasks and provide immediate progress updates		

Resource & Capacity Management	Yes	No
Register resources including contact and billing information		
Track resource capacity via detailed planning and resource reports		
Automatically determine the total capacity per skill, job title, department		

Issue and Risk Management	Yes	No
Ability to register, assign, categorise and prioritise issues and risks		
Provide real time e-mail alerts and reminders on logged issues and risks;		

Document and Knowledge Management	Yes	No
Upload, categorise and store all projects documents of any file type		
Search, download and access documents and lessons learnt from anywhere		
Ability to enforce actions and changes based on lessons learnt		

Change and Quality Management	Yes	No
Register, prioritise and score requested scope changes		
Record, track and manage quality logs and criteria		

Reports and Dashboard	Yes	No
Detailed reports of a single project or multiple projects, programmes and portfolios		
Graphical dashboards with drill through capability		

Communication, Collaboration and Alerts	Yes	No
Provide real time e-mail alerts of project events as they happen		
Scheduled reports and dashboards e-mailed to users		

Online Approvals & Configurable Workflow	Yes	No
Single or multiple online approvals for projects, stage gates, documents, scope changes		
Configurable approval rules and workflows		
Full audit log and history of approvals		

Integration	Yes	No
Provides an open API to allow for integration with other systems		
Provides bi-directional integration to Microsoft Project and other scheduling tools		

Security and Role Based Access	Yes	No
Define an unlimited number of user groups		
Provide the ability to set access rights for what users can access and what functions can be performed		
Provide detailed audit logs		

Support and Online Resources	Yes	No
Access to online support		
Forum to log, vote and track product enhancements		
Searchable frequently asked questions and knowledge base portal		

In addition to functionality requirements, there are other considerations for choosing the right PPM software. You may want to consider things like flexible pricing structures to avoid being locked into lengthy contracts, how easy it is to scale as the organisation and maturity grows.

8 Execution Timeline

Working with the vendor ahead of time on the implementation approach and timeline will provide you with an idea of what to expect during the implementation. Whether you include this or not, is probably not a deal breaker for getting the required seal of approval but it's a great way to manage the executive team's expectations on how long a PPM software implementation actually takes.

9 Implementation Approach

The implementation approach is largely dependent on the type of organisation and the primary focus for the selected approach must be on gaining user adoption as quickly as possible and entrenching the PPM software into the PMO and business processes.

The majority of PPM software tools available in the market have some pre-configured versions for the different types of project environments. It's recommended to maximise the usage of the pre-configurations and out-of-the box functionality and keep the configuration to a minimum in

the initial phase. Again, any good PPM tool will allow you to scale the functionality as and how the project maturity and the user base grows. Following this type of approach can help you to start realising business value in as little as three months. Here's an example of what a typical PPM software implementation would entail:
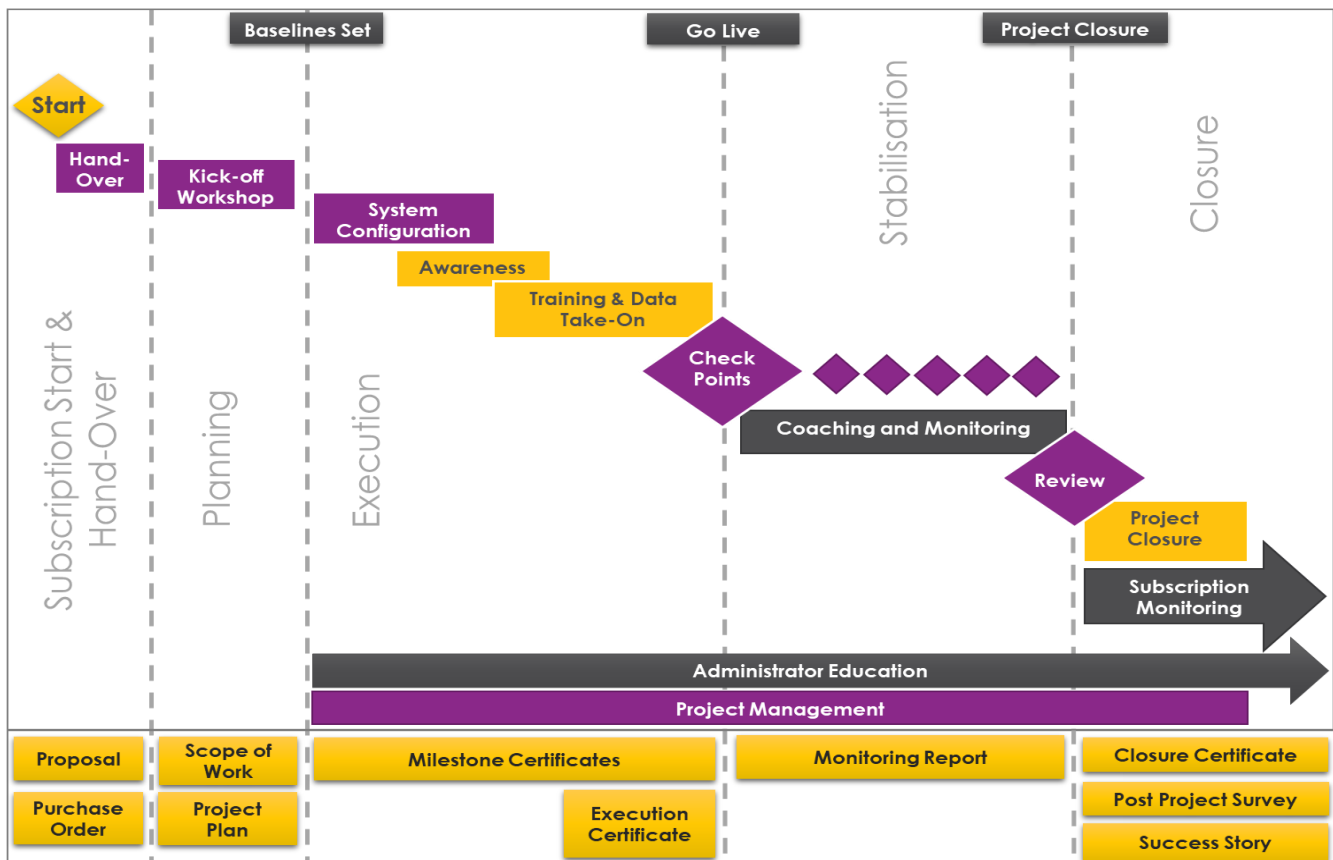
Make sure that you work with the vendors to understand their implementation approach and choose the one that will help your organisation realise the most business value in shortest amount of time.

In Conclusion

Convincing executives of the value of PPM software is by no means an easy job and demands that you construct a compelling business case to support your argument. Hopefully these guidelines and this free editable template download will bring you a step closer to winning your executive management to the advantages of PPM software!