

# PPM & ITAM Hand in Hand

## *An ITAMer's Intro to Project and Portfolio Management*

Project and Portfolio Management (PPM) provides a disciplined approach for managing an organization's IT investments. Its primary goal is to align an organization's corporate strategic goals with its IT goals in order to:

- Optimize investment benefits
- Increase efficiency through proper management of its personnel
- Minimize operational cost and risk
- Provide a pre-defined process and standard criteria for investment selection

In most instances, however, when investments are looked at solely through a PPM lens, organizations merely focus on the Human Resource costs associated with their ongoing project portfolio. While beneficial even when considered only in this narrow context, it clearly misses the mark when trying to optimize aspects of the organization in a greater context. With an organization's portfolio of IT Assets (software, hardware, contracts and vendors) making up an ever increasing percentage of the overall portfolio spend, a new, more holistic way of viewing investments is clearly needed.

### **PPM defined**

Project and Portfolio Management (PPM) best practices are adopted by an organization to better manage their portfolio of IT investments from Ideation (i.e. the generation of an idea) through Implementation. It is intended to execute an organization's strategic goals using five primary processes: Demand Management, IT Project Portfolio Management, Project/Program Management, Resource Management, and Financial Management.

Each of these processes can be defined as follows:

- **Project Demand Management:** is the process of balancing aggregate requests against Resource availability and capacity.
- **Portfolio Management** is the process used to assess, balance, authorize and communicate the execution of the IT project portfolio in accordance with organizational strategy or priorities.
- **Project Management** is the discipline of planning, organizing, and managing resources to realize *finite* goals and objectives. **Program Management** includes additional governance to manage multiple projects toward the same objectives.
- **Resource Management** refers to the efficient deployment of Resources to meet demand. From a typical PPM perspective, this refers to tracking of the personnel resources, their skill sets, their availability or capacity to perform work, etc.
- **Financial Management** is the process of demonstrating IT value and controlling IT costs.

The need for using a disciplined approach to ensure proper management and alignment is especially important given today's uncertain financial environment. While budget reductions are a reality for the near term future (if not longer), service demands haven't been reduced in proportion. The result is that IT organizations are forced to improve their service levels albeit with a lower IT spend, hoping against hope to deliver greater value than ever before.

The number of discrete projects instantiated to satisfy this demand can easily grow into the hundreds for large



organizations, particularly when projects are approved in a decentralized manner. Project and Portfolio Management (PPM) attempts to address this primary issue by creating a prioritized “portfolio” of IT investments, and then managing all of them in a centralized fashion.

A fully implemented, formal system of integrated PPM processes, tools and supporting organizational structure enables the following benefits:

- Manages customer expectations associated with Demand limitations;
- Maximizes portfolio ROI through strategic investment selection and tracking, ensuring that those initiatives that most align with the overall business strategy are funded;
- Minimizes operational risk and cost through proactive planning and ongoing investment tracking;
- Provides transparency on the performance of each investment to ensure proper IT governance;
- Supports regulatory compliance with auditable results;
- Improves overall Service levels

### Enter ITAM

IT Asset Management (ITAM) is a set of integrated processes and tools in use by today’s leading organizations. Proper ITAM enables an organization to effectively manage their IT Assets throughout the entire lifecycle of their usage. Its primary objective is to capture and integrate accurate physical and financial information about an organization’s set of assets. This information can then be combined with the corresponding contractual information in a central repository for effective management. Organizations that practice ITAM consistently prove to have 15% or lower total cost of ownership. Greatest savings have been found in procurement (160%), disposal (60%), and operations (44%) functions.

When implemented properly, a complete and consistently deployed ITAM program offers the following benefits:

- Provides IT an understanding of spend and overall costs in order to control and manage IT Assets;
- Ensures IT understands where IT Assets are, their capacity, and how they are being utilized over time (including reducing asset shrinkage);
- Ensures contractual compliance (including software license compliance);
- Provides insight into and mitigates Regulatory and Financial Risk;
- Ensures Security threats are mitigated (including data security)

### Current shortfalls

So given all of these independent benefits, why are PPM and ITAM alone still an incomplete picture?

#### When viewed from a PPM perspective, ITAM has the following gaps:

- ITAM traditionally does not focus on human resource and project capacity
- ITAM does not focus on program or project prioritization and approval processes
- ITAM historically has not run initiatives to refresh assets as projects (i.e., effectively aligning refresh projects with other corporate and IT initiatives and resource availability)
- ITAM usually cannot efficiently report on the level of effort and resources required to deploy, maintain, and/or refresh or decommission assets (i.e. ITAM activities are usually buried in Operational Support budgets so IT has no idea what they spend on ITAM resources costs)

#### When viewed from an ITAM perspective, PPM has the following gaps:

- PPM does not take into consideration existing IT Asset availability and capacity as part of project planning
- The requesting of new IT Assets is often an afterthought and not appropriately planned for during projects
- PPM does not address request fulfillment of IT Assets
- PPM typically does not include all IT Asset costs (e.g. purchase, depreciation, maintenance, etc.) when reporting Total Cost of Ownership of new projects

### The value of bringing it together and a means to make it happen

Integrating PPM and ITAM processes enables IT to maximize the ROI for both Projects and Infrastructure Assets. While there are many different ways ITAM and PPM can be integrated and thus value realized, some common benefits of integration include:

- Ensure resources are not over allocated to operational support activities and projects
- Ensure the most efficient utilization of IT Assets (i.e. not purchasing new assets when existing ones have available capacity)
- Ensures only standard and approved IT Assets are procured and used for Projects
- Ensures the necessary lead times are provide for the selection, negotiation, and procurement of IT Assets





required for any project

- Ensures how and where Human Resources are spending their time (e.g. how many resources and how much time is being spent on ITAM throughout the organization)
- Centralized and standardized means to request anything from IT (whether you are requesting an IT Asset or Project)
- Alignment and prioritization of all corporate and IT (including ITAM's) projects

**How to get started:**

Realizing lasting, large-scale value in these areas requires a number of things upfront...obtaining executive sponsorship... establishing a defined initiative to understand the goals and objectives for both ITAM and PPM disciplines...creating a strategic roadmap to tactically achieve value over a phased period of time. All good steps and all necessary in the long run. There are, however, a number of things you can start doing today to start creating value. Here are some easy first steps you can take to integrate ITAM and PPM starting today:

- Engage the Project Management Office to discuss their challenges. You will be surprised how similar your challenges are and how simple changes can make everyone's lives easier
- Review the PPM process and look for areas to insert touch points with ITAM to ensure you are communicated to at the right time and in the right way

- Look to add more granular categories in the time management system to better track how IT resource time is being spent on ITAM related activities
- Work with the PMO to understand how to run asset refresh initiatives as a project
- Leverage ITAM procurement and utilization/capacity information when determining how to fulfill an IT Asset request for a Project
- Work with the PMO to generate more accurate TCO calculations for any new project (especially in regards to ongoing costs of those projects once implemented)

**Summary**

PPM and ITAM are both flexible programs that focus on satisfying an organization's demand with the most effective utilization of scarce resources. Used alone, each discipline can provide tremendous value, but when used in combination with other best practices frameworks a great deal more can be accomplished.

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