

IT Portfolio Management

Week 6

Initiate Project Justification Process

- Understand project goals in the context of business objectives
- Gather input
 - Collect and organize ideas
 - Consider alternative solutions
- Create project business case
 - Value to business
 - Cost
 - Risks
 - Financial analysis
 - Return on investment
 - Payback period
 - Cash flow profile
- Output
 - Project proposal ready for consideration by decision makers (Governance)

What Makes a Good Business Case?

Executive Summary

Objectives

Scope

Deliverables

Value

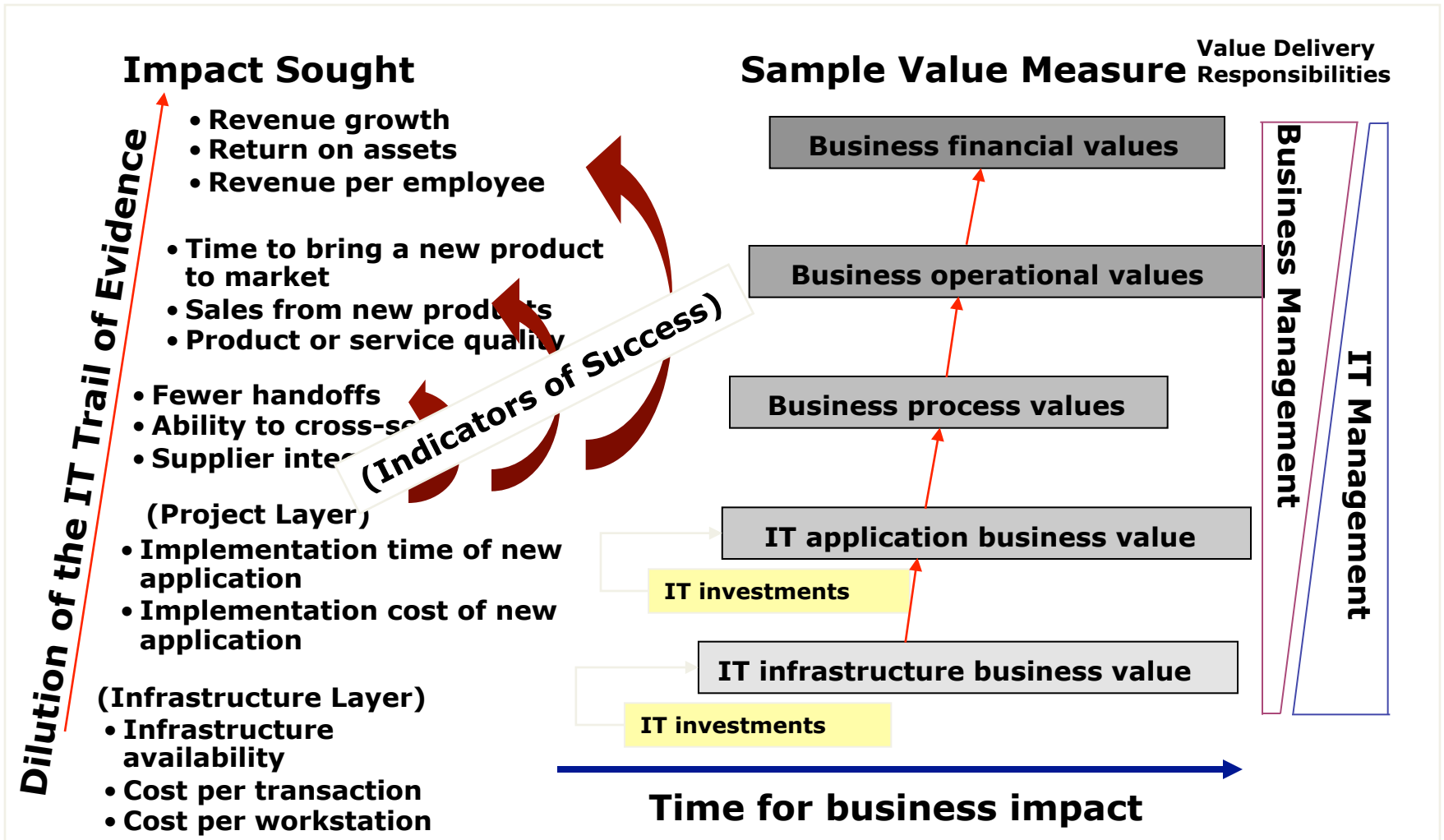
Cost

Risk

Assumptions

SUPPORTING
DETAILS

Hierarchy of Business Value Measures



Source: The New CIO Leader, Broadbent and Kitzis



Using COBIT 5 - APO05, Manage Portfolio

1. Establishing the target mix
2. Determining funding
3. Evaluating & selecting programs
4. Monitoring investment performance
5. Maintaining portfolios
6. Managing the achievement of benefits

MDCM, Inc. Case

What were MDCM's business objectives?

1. Consolidate where possible
2. Increase overall scale efficiencies
3. Single global company
4. Focus on core competencies
5. Mend customer relationships

MDCM, Inc. Case

What might be MDCM's IT objectives?

- Consolidate to capture scale efficiencies
 - Develop enterprise architecture
 - Unify technical standards
 - Standardize platforms
 - Combine IT facilities
 - Pool IT resources and capabilities
- Become one global company
 - Manage IT portfolio across the entire company
 - Integrate communication and data networks
 - Improve communication and collaborative tools
- Focus on core competencies
 - Outsource nonstrategic IT services
- Improve customer relationships
 - Develop applications for customer relationship management

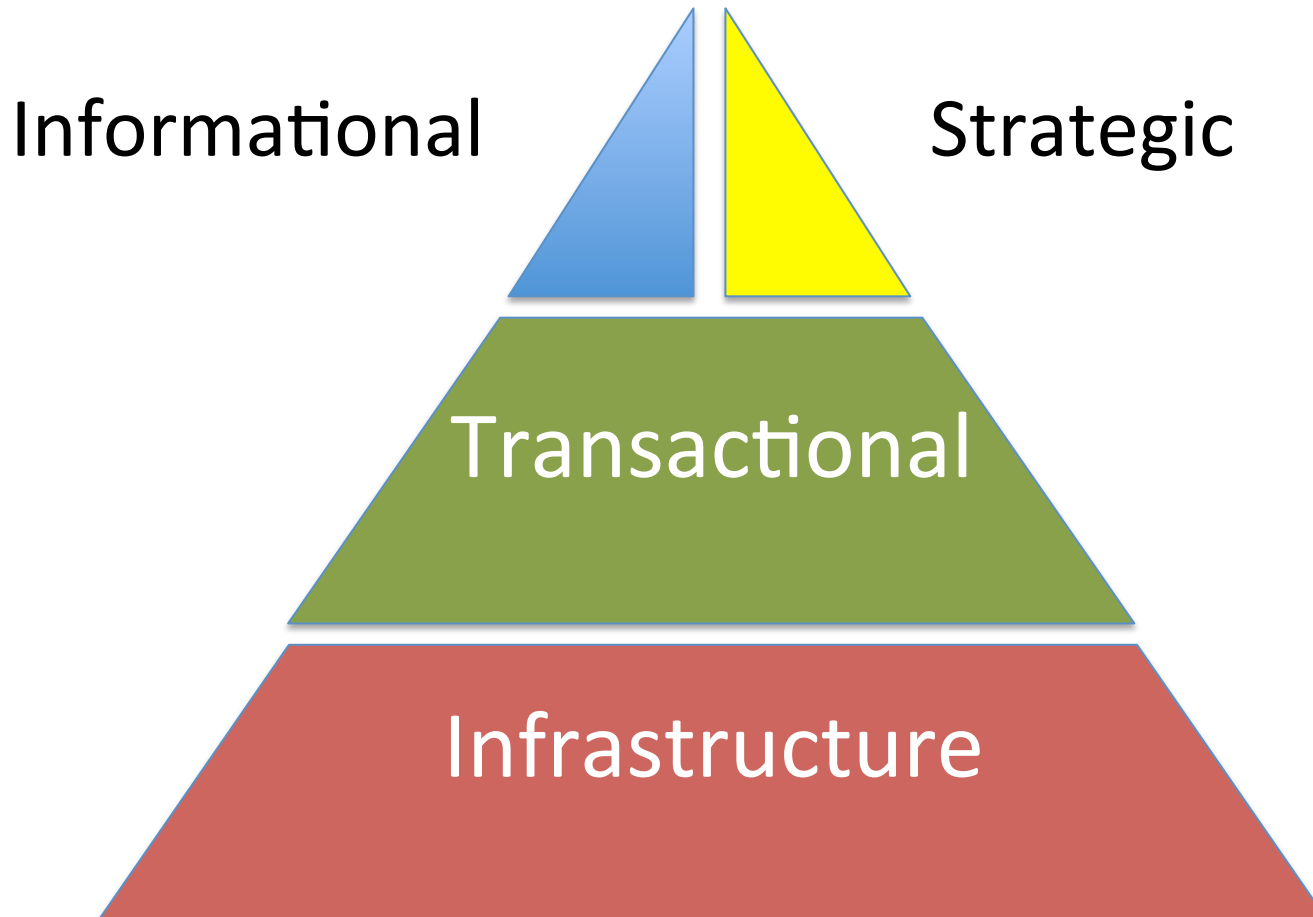
MDCM, Inc. Case

What were the proposed IT projects?

1. Unify Methodology & Technical Standards
2. Consolidate Data Centers
3. Outsource Non-Strategic IT
4. Standardize Hardware
5. Implement ERP
6. Create Employee Portal
7. Manage Supply Chain
8. Streamline Design Systems
9. Improve Collaboration Systems
10. CRM/Data Warehouse
11. E-Procurement
12. Customer Self-Service Portal

MDCM, Inc. Case

What model would you use to determine balance?



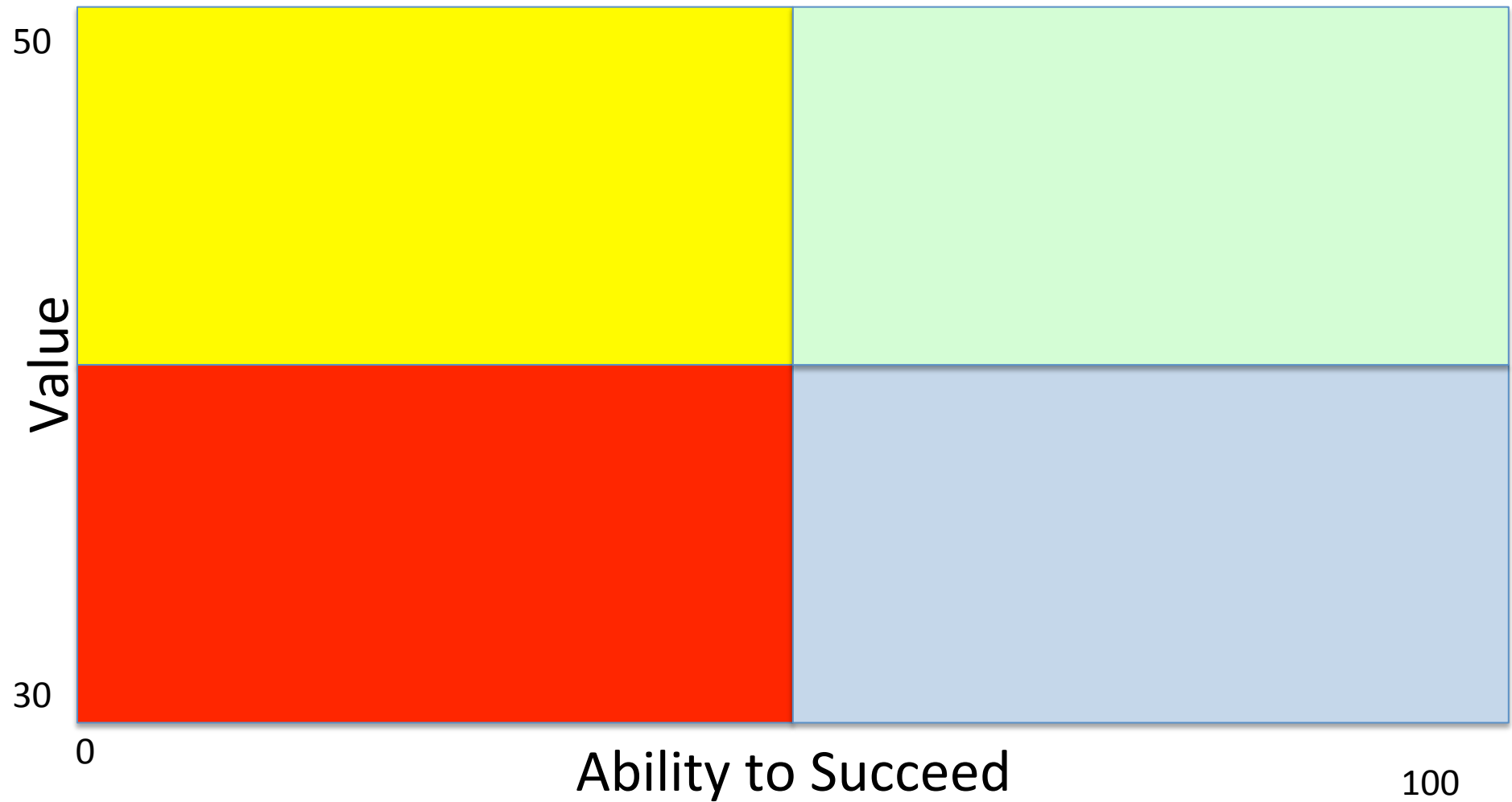
MDMC Inc. Case

How would you rank the projects?

| | BO1 (2X) | BO2 (1.5X) | BO3 (1X) | BO4 (1X) | BO5 (.5X) | Business Value | Ability to Succeed |
|---|-------------|---------------|-------------|-------------|--------------|-------------------|-----------------------|
| Unify Methodology & Technical Standards | | | | | | | |
| Consolidate Data Centers | | | | | | | |
| Outsource Non-Strategic IT | | | | | | | |
| Standardize Hardware | | | | | | | |
| Implement ERP | | | | | | | |
| Create Employee Portal | | | | | | | |
| Manage Supply Chain | | | | | | | |
| Streamline Design Systems | | | | | | | |
| Improve Collaboration Systems | | | | | | | |
| CRM/Data Warehouse | | | | | | | |
| E-Procurement | | | | | | | |
| Customer Self-Service Portal | | | | | | | |

MDCM, Inc. Case



Balancing Value and Ability to Succeed



MDMC Inc. Case

How would you schedule the projects?

| | Year 1 | | | | Year 2 | | | | Year 3 |
|---|--------|----|----|----|--------|----|----|----|--------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | |
| Unify Methodology & Technical Standards | | | | | | | | | |
| Consolidate Data Centers | | | | | | | | | |
| Outsource Non-Strategic IT | | | | | | | | | |
| Standardize Hardware | | | | | | | | | |
| Implement ERP | | | | | | | | | |
| Create Employee Portal | | | | | | | | | |
| Manage Supply Chain | | | | | | | | | |
| Streamline Design Systems | | | | | | | | | |
| Improve Collaboration Systems | | | | | | | | | |
| CRM/Data Warehouse | | | | | | | | | |
| E-Procurement | | | | | | | | | |
| Customer Self-Service Portal | | | | | | | | | |

- Implement 
- Implement with caution due to risk 
- Review for feasibility 